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RURAL DEVELOPMENT GOALS

THIRD ANNUAL REPORT OF THE SECRETARY OF AGRICULTURE TO THE CONGRESS

(PURSUANT TO TITLE VI,
SECTION 603 (b), OF THE
RURAL DEVELOPMENT ACT
OF 1972)

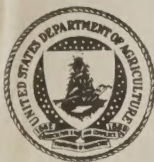
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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

May 7, 1976

To the President of the Senate and the Speaker of the House:

Today I am transmitting the third annual report on rural development goals, pursuant to Title VI, Section 603(b), of the Rural Development Act of 1972.

This report discusses considerations involved in assessing rural development goals progress; presents status reports on rural employment, income, population, housing, and community services and facilities; and reports on federal program activities in fiscal year 1975 that have an impact in these five goals areas.

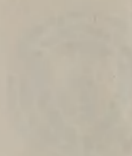
The report is comprehensive and reflective of substantial progress in rural development. The Congress should find it useful and responsive to the requirement expressed in the Rural Development Act.

Sincerely,

A handwritten signature in dark ink, reading "Earl L. Butz", is positioned above the typed name.

EARL L. BUTZ
Secretary

Enclosure



THE SECRETARY OF THE
TREASURY
WASHINGTON, D. C.
JANUARY 1, 1900

TO THE HONORABLE
COMMISSIONER OF THE
LAND OFFICE
WASHINGTON, D. C.

SIR:

I have the honor to acknowledge the receipt of your letter of the 29th inst. in relation to the proposed sale of the land in the State of Texas, and to inform you that the same has been referred to the proper authorities for their consideration.

I am, Sir, very respectfully,
Your obedient servant,
J. M. [Signature]

Very truly yours,
J. M. [Signature]

Enclosed for the Commissioner of the Land Office are two copies of the report of the Surveyor General of the State of Texas, in relation to the proposed sale of the land in the State of Texas, and a copy of the report of the Surveyor General of the State of Texas, in relation to the proposed sale of the land in the State of Texas.

FOREWORD

"National growth policy," "rural development policy," and "urban development policy" are all subjects of current public interest and concern that are intensifying with the increasing evidence of significant changes occurring in settlement patterns in the United States.

The once seemingly inexorable movement of people to our largest cities has apparently halted. The number of people moving from metropolitan areas exceeded the number moving to metro areas during 1970-75, reversing the longstanding migration trend.

More evidence is needed on the causes of this turnaround to determine its likely permanency and implications for development policy. However, based on the evidence to date, the new population movement would seem to mean that more Americans are now deciding where to settle on the basis of a variety of personal considerations that go beyond the basic economic determinant of a job--the determinant that caused the population movement to cities during much of our history.

Today, with the growth of private industrial investments in rural areas and the increasing dispersal of nonfarm job opportunities around the country, in small towns, in cities, and in open country, more Americans can find jobs in a variety of places. This means that more Americans can choose the place where they want to live on the basis of attractions of place, as well as the availability of jobs.

With the greater freedom of choice that now exists have come value changes in Americans as individuals. "Trade offs" are being considered more than ever before, as more types and sizes of places now offer attractions, though of extremely different mixes. In choosing the mix they want, Americans are foregoing certain features for others that they judge more important for their own happiness.

This greater freedom of choice as to where and how one will live is the aim of rural development, urban development, and national development. The three concepts, or processes, are not independent. The first two need to be named separately only to give order to the various efforts designed to ensure that all kinds and sizes of places retain, regain, or improve their capability to meet the needs of their residents. The needs are different in specifics but the aim of both efforts is the same--to make a place livable, enjoyable, and nurturing.

Rural areas were declining in the 1940's, 1950's, and 1960's, and despite the significant revival of many such areas through population retention and employment increases in the 1970's, they generally continue to lag behind in key indicators ranging from income and quality of housing to access to health care and public transportation. One of the most fundamental means of improving the quality of life in rural areas is through increasing employment opportunity, because employment provides the principal source of personal income. It was the lack of employment opportunities in rural areas and the associated depopulation of these areas that eventually led to a national concern for the reversal of these trends and more balanced growth between rural and urban areas.

As rural revitalization proceeds, as metropolitan "fringe areas" become larger and larger, as some rural communities enact zoning laws so strict that they preclude new housing construction while others welcome new factories and new homes, it becomes more clear than ever that our 200 million people do not all want the same thing. Because rapid unplanned population growth can cause problems just as chronic decline can, some localities are opting for "no growth," upon realizing the demands that increases in population size and changes in population composition place on community institutions. Planned and directed growth--far more difficult to achieve than unrestricted or unplanned growth--is the middle alternative being chosen by more localities that are benefiting from the lesson we are fortunate to be learning as a young country. That is, that we can and must direct change, and that community life mirrors individual private life in the need for trade-offs. Underlying this recognition is a new sense of responsibility and a new awareness that, to a large extent, we make our own environment. It is not inevitably imposed on us by outside forces.

This new awareness coupled with the greater choice we now have as to where we will live and work is bringing balance and a sense of proportion not only to the physical pattern of development but to the way we as Americans are developing. For the Bicentennial year I hope that the progress toward balanced growth now evident can be seen to be national development, and in the best interest of the Nation. Because rural development and urban development are two aspects of this national development, I have taken this opportunity to discuss these matters in the Rural Development Goals Report issued in 1976.

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RURAL DEVELOPMENT GOALS--THIRD ANNUAL REPORT
OF THE SECRETARY OF AGRICULTURE TO THE CONGRESS

INTRODUCTION

The Rural Development Act of 1972, in title VI, section 603, directs the Secretary of Agriculture to establish goals for rural development and to report annually on progress in attaining the goals. This report has been prepared in response to that directive. Section 603 also requires the Secretary to include here a report on progress made in carrying out a Rural Development Act directive regarding locating field units of the Federal Government concerned with rural development in appropriate Department of Agriculture offices, and interchanging personnel and facilities to further rural development. Data for this report are not yet available but are being developed, and the required progress report will be submitted in a separate transmittal.

In the Second Annual Rural Development Goals Report, goals derived from legislative history were set forth for the congressionally mandated categories of employment, income, population, housing, and community services and facilities. Actions taken by U.S. Department of Agriculture (USDA) agencies relating to the five goals were reported on, and considerations involved in setting meaningful goals were discussed.

Part I of this report discusses some of the considerations involved in measuring and assessing rural development goals progress, and highlights and discusses the most recently available data indicating whether there has been progress in the goals areas. Part II discusses the rural development coordination activities of the Department of Agriculture's Rural Development Service and reports on a number of other Federal agencies' fiscal 1975 activities in rural areas.

The basic aim of the Rural Development Act of 1972 is the improvement of the quality of life in rural America. By directing the setting of national rural development goals in the categories of employment, income, population, housing, and community services and facilities, and the reporting of progress toward attainment of the goals, the Act emphasized the importance of these particular factors on life in rural areas. However, the specific categories of community services and facilities to be considered were not stated. Therefore, the Department is considering a variety of techniques for systematically obtaining at least State and perhaps substate specific indications of community services and facilities priorities as well as indications of any broader rural development concerns of people living in rural areas.

PART I--RURAL DEVELOPMENT PROGRESS REPORT

1. MEASURING PROGRESS

The words goal, objective, and target are often used interchangeably. Today, however, most students of management in the public sector agree that goals are at the top of the hierarchy and are broad, general, timeless statements of desired but not necessarily attainable ends; that objectives support goals and are specific statements of accomplishments desired within an intermediate time frame; and that targets are very specific statements of tasks to be accomplished in a short time. Conceptually, then, the national rural development goals stated in this report are broad, timeless statements of societal conditions desired for our Nation's rural areas. The goals and the Federal role in their attainment are:

Employment: Assist in the creation of a climate conducive to growth in the employment base of rural America, thereby providing a range of job opportunities for those who wish to live in rural areas.

Income: Contribute to the development of job opportunities in rural areas which generate incomes equal in terms of effective purchasing power to those in metropolitan areas.

Population: Support a "balance" between rural and metropolitan populations compatible with the overall national quality of life and economic health.

Housing: Facilitate the attainment of access to standard quality housing in rural areas equal to that in metropolitan areas.

Community Services and Facilities: Aid local governments and other entities to provide access to adequate community services and facilities in rural areas.

These goals statements, taken together, reflect awareness that people in our society should have freedom of choice in selecting a place to live. They also imply that the choice may be limited unless job opportunities, incomes, housing, and community services and facilities in rural areas are generally comparable to those in metropolitan areas. And they indicate that the rural development role of the Federal Government is to assist and support local efforts of rural people to achieve comparable access to a good life.

The Rural Setting

Not only has rural America undergone many changes in this century but now there is also a lack of agreement as to just what constitutes a rural area. When the Bureau of the Census began classifying the population as rural 1/

1/ Persons living outside places of 2,500 inhabitants or more.

or urban, most rural residents were engaged in agricultural pursuits or servicing those who were; rural meant farm to most people. Today the term rural no longer has a clear-cut meaning. To some people, there are center cities and suburbs, and all the rest of the Nation is considered rural. To others, rural carries a population density connotation; the more thinly populated the area, the more rural it is.

The establishment of Standard Metropolitan Statistical Areas (SMSA's) ^{2/} by the Office of Management and Budget has added to the confusion. Increasingly, areas not classified as SMSA's (that is, nonmetropolitan areas) are being considered rural areas.

The lack of agreement on just what is rural is demonstrated by the various population size eligibility criteria used for many legislatively established rural programs. These programs are not limited to nonmetro communities. For example, under the population size criteria of the Rural Development Act of 1972, towns of under 10,000 population in both metro and nonmetro areas were made eligible for fire prevention assistance, community facilities loans, and water and sewer grants; and towns of under 50,000 population in both metro and nonmetro areas for business and industrial loans and business enterprise grants. And under the Housing and Community Development Act of 1974, towns of under 20,000 in nonmetro areas and under 10,000 in metro areas were made eligible for rural housing loans. (In all these instances pertaining to metro areas, however, several other factors are also used to determine a town's eligibility.)

The problem in definitions stems from the tremendous changes that have taken place in our Nation in this century. With the mechanization of agriculture, the farm population shrank and the population of the larger metro areas grew. Many people began to predict coastal megalopoli and contiguous cities around our major lakes, with thinly populated hinterlands. But advances in the technology of transportation, energy, and communications began to change the complexion of our Nation and to challenge the validity of these predictions. With nearly all areas of the country having overnight truck access to a metropolitan area; having access to energy in the form of electricity and gas, coal, or oil; and having increased access to more of the types of services previously available only in larger cities, many rural areas became more competitive in retaining and attracting residents and business enterprises. The result has been that more of the Nation's growth has begun to occur in rural areas, bringing with it changes that are making the clarification of the meaning of rural more difficult.

Since neither the census-defined rural nor the OMB classification nonmetro can be used with accuracy to describe what common usage or the Congress considers to be rural, and since it will probably be some time before this question is resolved, the word rural is not used consistently in the various parts of this report. In the goals statements, rural has been used to include people living

^{2/} An SMSA, as defined at the time of the 1970 Census, generally consisted of a county or group of contiguous counties containing at least one city of 50,000 inhabitants or more, or twin cities with a combined population of at least 50,000. In the New England States, SMSA's are made up of towns and cities rather than counties.

in open spaces and towns of under 50,000. The metro/nonmetro classification has been used in reporting on progress--because data on this basis are more readily available and because nonmetro seems to come closest to what most people now consider rural. The section describing Federal agency activities in rural areas uses a variety of town population sizes for rural, depending on program eligibility criteria and data collection systems in use in the various agencies.

Data Limitations

The quantitative data used to indicate the extent of progress towards rural development goals in chapter 2 were selected after a review of research studies on social and economic conditions in rural America and after consultation with Economic Research Service specialists.

The Rural Development Act of 1972 requires the Secretary to report on progress annually. However, much of the data needed are not collected annually (especially for many community facilities and services) nor in a form that will permit separate analysis of rural conditions. Also, much needed data are not now being collected nationally. Additionally, detailed annual examination and commentary on slowly changing variables is often unproductive. For these reasons, the five goal areas are treated unevenly in chapter 2.

Another difficulty in reporting national progress toward achieving rural development goals is that great differences in rates of progress are concealed in the national averages. And even those statistical tools which can show differences from the median or average cannot show whether the differences are perceived as desirable or undesirable by those experiencing the conditions underlying them.

For example, the overall nonmetro population growth rate in the 1970's is positive, but close examination of disaggregated county data shows some areas experiencing unusually rapid growth, others holding their own, and still others losing population. It is possible that all of those growing rapidly want to and are able to absorb the additional population without significant problems, and that all of those holding or declining in population also prefer it that way. But information is not presently available regarding these preferences.

Moreover, it is not uncommon to find differing interpretations made from the same data. For example, the Seventh Annual Housing Report states that "substandard" housing as measured by data on the physical characteristics of housing collected for many years through the Census of Housing had no necessary relationship to widely accepted standards or legally enforceable codes and did not correspond to popular perceptions about a specific housing unit in a given setting. The report says that the Census method officially reported that some neighborhoods that were felt by the residents to consist of hopelessly inadequate housing were "not substandard." 3/

3/ Seventh Annual Report on the National Housing Goal, July 30, 1975, p. 70.

Other experts, however, are equally firm in their feelings that the criteria of "substandard" are useful and valid indicators of adequacy. They believe that the use of standards based on physically observable criteria, such as structural soundness and availability of functioning plumbing, has been an important aid in the improvement of the quality of the Nation's housing stock.

In sum, given the diversity of rural settings and interest, the difficulty of defining national needs for rural community services and facilities, and other problems, it is often difficult to relate rural development progress to objective quantitative measures. Nonetheless, policy and decision makers will have to continue to make judgments based on quantitative measures of adequacy in numerous areas. It is hoped that with advances in measurement theory and methods, it will become possible for these judgments to become increasingly accurate.

2. PROGRESS IN RURAL DEVELOPMENT GOALS

This section presents highlights of the most recently available data indicating progress with respect to the stated rural development goals. 4/

Employment Progress

Goal

The national rural development employment goal is to:

Assist in the creation of a climate conducive to growth in the employment base of rural America, thereby providing a range of job opportunities for those who wish to live in rural areas.

Status Indicators

The most recently available national data on employment in rural areas show that:

*Nonmetro, nonfarm wage and salary employment grew almost twice as fast as comparable metro employment from March 1970 to March 1975--13.1 percent vs. 7.0 percent for the 5 years, or an average of 2.6 percent vs. 1.4 percent annually.

*Unemployment was lower in nonmetro areas in all four quarters of 1974, and in the second, third, and fourth quarters of 1975, the latest period for which data are available.

Discussion

Taken as a whole, nonmetro areas have experienced encouraging improvement in their employment growth rate thus far in the 1970's. This contrasts strikingly with the 1960's, when the annual growth rate of rural employment was only half that of metro areas (1.1 percent vs. 2.3 percent). On the other hand, not all nonmetro areas have shared in this employment growth. For example, many nonmetro areas in the Southern States have experienced greater rates of growth than nonmetro areas in either the Northeastern or the agricultural Plains States.

4/ Unless otherwise noted, all statistical data in this section were furnished by the Economic Development Division of the Economic Research Service, U.S. Department of Agriculture.

Nonmetro areas gained manufacturing jobs between 1970 and 1973 while metro areas lost. As the recession deepened, nonmetro areas also began to lose manufacturing jobs. By March 1975, both types of areas had fewer manufacturing jobs than in March 1970, although the nonmetro loss was much less (2 percent for nonmetro vs. nearly 10 percent for metro).

Close examination of the data shows that metro areas felt the effects of the recession faster than did nonmetro areas, but that nonmetro areas seem to be pulling out faster. 5/ Possibly this reflects the earlier impact of the recession on durable manufacturing, which comprises a larger percentage of manufacturing in metro areas than in nonmetro areas.

In the 1960's, the manufacturing sector experienced the highest employment growth rates in nonmetro areas, but in the 1970's other sectors have become more important. The highest rates of employment growth in nonmetro areas for the period March 1970 to March 1975 were in services (26.8 percent); construction (26.3 percent); finance, insurance, and real estate (24.0 percent); and trade (21.4 percent). The diversification of the nonmetro employment base which these data show to be occurring will tend to help stabilize the economy of nonmetro areas as well as to provide a wider range of nonfarm job opportunities in these areas.

The farm employment picture is not so bright, but even it is improved. After decades of decline, census-defined farm employment seems to have leveled out in the 1970's at about 3.5 million. Growth in farm employment will depend on world domestic markets growing faster than productivity increases from technological advancements.

Labor force participation rates, although still lower in nonmetro areas, have increased faster than in metro areas in the 1970's. Increased participation by females in the work force in nonmetro areas accounts for a significant portion of the increase, although women continue to represent a lower proportion of the labor force in nonmetro vs. metro areas. Because of industry structure and location factors and the relative population sparsity of rural areas, it is unlikely that traditional types of jobs for women will expand to match the proportional availability of such jobs in urban areas. Further increases in employment opportunities for females in nonmetro areas, with present technology, will most likely depend on further lowering of job discrimination barriers which keep women from entering jobs traditionally reserved for men. Then, as employment opportunities generally expand, women will compete on an equal footing with men.

5/ With respect to nonmetro unemployment, it should be noted that this indicator is somewhat understated because of the increase in multiple-job-holding by farmers, who are less likely to register as unemployed, and other factors.

Income Progress

Goal

The national rural development income goal is to:

Contribute to the development of job opportunities in rural areas which generate incomes equal in terms of effective purchasing power to those in metropolitan areas.

Status Indicators

The most recently available income data show that:

*Median family income rose faster in nonmetro than in metro areas (7.25 percent vs. 6.29 percent compounded annually) from 1970 to 1974. However, at \$11,045 it remains below the metro median of \$13,771.

*The incidence of poverty remains at a higher level in nonmetro areas (14.4 percent vs. 10.2 percent in 1974). The differential has narrowed, however, from 1970, when the comparable figures were 16.9 percent (nonmetro) vs. 10.2 percent.

Discussion

There is encouragement in the increasing nonmetro median family income, but discouragement in the level of poverty which persists in rural areas.

The income improvement is partly related to significant changes in the pattern of the industry source of nonmetro earnings in recent years. By 1972, the last year for which earnings data are available, the profile of the earnings pattern in nonmetro areas had become very much like that found in metro areas. For example, nonmetro earnings in 1972 from the manufacturing sector accounted for 26 percent of total nonmetro earnings vs. 27.2 percent in metro areas. In the wholesale and retail sector, the proportion was 14.1 percent vs. 17.0 percent; in government, 18.9 percent vs. 17.7 percent; in services, 11.2 percent vs. 16.1 percent; construction, 5.7 percent vs. 6.4 percent; finance, insurance, and real estate, 2.6 percent vs. 6.0 percent; farming, 12.4 percent vs. 1.1 percent; and all other sectors, 3.2 percent vs. 0.7 percent.

The farming sector and the finance, insurance, and real estate sector show the greatest differences although these are decreasing. Nonmetro employment growth rates in services; construction; finance, insurance, and real estate; and trade are anticipated to reduce the differences in these sectors still further. It is probable that nonmetro wage rates will increase as the nonmetro employment base becomes even more diverse.

As indicated above, median family income in nonmetro areas in 1974 was \$2,726 less than in metro areas. However, because the cost of living is lower in non-metro urbanized areas, the real median family income gap between nonmetro and

metro areas is much smaller than it appears to be in current dollar data.

Contributing to the nonmetro/metro median family income gap is the differing manufacturing industry mix in the two types of areas, with nonmetro areas having a disproportionate share of lower wage industries. For example, about half of all employment in textile mill products manufacturing was in nonmetro areas in 1972.

An additional factor contributing to the income gap is lower labor force participation rates in nonmetro areas. In the fourth quarter of 1975, the nonmetro rate was 59.2 percent, compared with 61.8 percent for metro. The difference of 2.6 percentage points is about the same difference that has prevailed since the beginning of 1974, but is an improvement from 1970. In that year, the nonmetro labor force participation rate of 52 percent was 5 percentage points lower than the metro rate of 57 percent.

As indicated earlier, nonmetro areas continue to have a larger share of poverty. While 27 percent of all people lived in nonmetro areas in 1974, 40 percent of the people in poverty lived in these areas. This translates to 14.4 percent of nonmetro residents being in poverty, compared with 10.2 percent metro.

Not only is there a higher proportion of elderly persons (65 and older) in nonmetro areas, the nonmetropolitan older people are more likely to be poor than their metro counterparts. In 1973, 22.5 percent of the nonmetro elderly were in poverty, compared with 12.7 percent of the metro elderly. Of all nonmetropolitan persons in poverty, 18 percent were 65 or older. In metro areas, 12 percent of the poor were elderly.

Twenty-eight percent of the Nation's blacks and members of other minority racial groups live in nonmetro areas, and they are more likely to be poor than is the comparable population group in metro areas. For example, in 1973, 41.1 percent of nonmetro blacks and members of other minority racial groups were poor, compared with 28.2 percent in metro areas. However, minorities who are poor account for a smaller percentage of the total poor population in nonmetro areas than in metro areas. In 1973, 26 percent of the nonmetro poor were blacks and other racial minority group members, in contrast to 36 percent in metro areas.

Realized net farm income, including Government payments, increased from \$14.2 billion in 1970 to \$30.0 billion in 1973, the highest level on record. In 1974 it was \$28.2 billion, the second highest level, and in 1975 it was \$23.7 billion. Per capita disposable personal income of the farm population as a percentage of income of the nonfarm population, was 73.4 percent in 1970, 108.4 percent in 1973, 93.1 percent in 1974, and 90.6 percent in 1975. It should be noted, however, that the improved farm income situation of the past 2 to 3 years has not applied to all segments of the farm sector. 6/

6/ Farm income data from National Economic Analysis Division, ERS.

Population Progress

Goal

The national rural development population goal is to:

Support a "balance" between rural and metropolitan populations compatible with the overall national quality of life and economic health.

Status Indicators

The most recent available national population data show that:

- *The nonmetro population growth rate has exceeded the metro rate for the first time this century--1970-74 nonmetro population growth was 5.6 percent, compared with 3.4 percent for metro areas.
- *Nonmetro areas have gained population faster in the 1970's than they lost population in the 1960's--the 1970-74 estimated gain was 1.6 million vs. the 1960's loss of 3 million.
- *As a group, even nonmetro counties not adjacent to a metro area have increased their population more rapidly than metro areas--4.9 percent vs. 3.4 percent during 1970-74.
- *All but two States (Connecticut and Rhode Island) had shown trends of increased nonmetro population retention as of July 1974, and nonadjacent counties had some net immigration in every major geographical division of the Nation.

Discussion

A distinction must be made between population growth in nonmetro counties adjacent to a metro county and nonadjacent counties in order to gain full appreciation of the decentralizing trend reported above. The population in nonmetro counties bordering metropolitan areas increased 6.2 percent from 1970 to 1974, compared with 4.9 percent in nonadjacent counties. Both of these figures are well above the metropolitan growth rate of 3.4 percent. The decentralization trend is most evident in migration patterns. Adjacent counties experienced a 1.0 million net immigration of people from 1970 to 1974, in contrast to a loss of .7 million people in the 1960's. Even more noteworthy, the migration pattern shifted in nonadjacent counties from a loss of 2.3 million people in the 1960's through outmigration to a gain of .6 million people from 1970 to 1974 through immigration. A decline in inmovement of people occurred in metropolitan areas--from 6.0 million in the 1960's to .5 million from 1970 to 1974.

In addition to the employment growth cited earlier, the growth of recreation and retirement areas has contributed to the nonmetro population increase. Many people age 60 and older are moving to rural areas. This influx is partially due

to the increasing number of people receiving retirement benefits and the declining age at which people are retiring. Another key factor in the increased migration of retirees to rural areas is the tendency for more retirement settlements to be located in regions other than Florida and Arizona (that is, the Upper Great Lakes and the Ozarks regions).

Third, nonmetro areas where State colleges and universities, Indian reservations, State capitals, and mines for the production of fuel are located have experienced an acceleration in the growth of their population.

As indicated by the immigration data above, metropolitan areas are experiencing an outmigration of people. From 1970 to 1974, a 1.2 million net outmigration occurred in the 8 metro areas with populations of more than 3 million people. In the 1960's, these large metro areas had a 2.4 million net immigration.

Nobody knows what balance between rural and metro populations would most improve the quality of life and economic health of the Nation. And nobody is certain the current decentralizing trend will continue. Yet, rural residents are continuing to remain in their home areas more than in the past, and people are still leaving metro areas to live in rural areas. Rising energy costs may affect this trend, however.

Some rural communities affected by the decentralization trend are finding that just as chronic decline poses problems for communities, so too can renewed population growth. Rapid growth can strain community institutions unless communities are prepared to make necessary adjustments to accommodate the new growth and resultant changes in population composition. For example, an increased proportion of working age population may generate substantial pressure on the labor market for more and possibly higher skill level jobs. A higher proportion of young adults may create substantial demands for new housing and for fuel, water, sewer, and other housing-associated services. In addition, the age structure of growing areas is much more favorable to childbearing than in declining areas. Thus, the proportion of young children is likely to increase in growing areas. Consequently, growing communities should anticipate an increased demand for educational, health, and recreation services in the near future. 7/

Areas that are growing through the immigration of retirement-age population can expect the demand for certain types of goods and services, such as health services, to increase as well. As another example, rapid population growth may affect the uses and value of a community's land resources. And social antagonism is another potential outcome of population growth in rural areas. This is especially the case if the newcomers' social-cultural values and lifestyles are substantially different from those of the indigenous population. 8/

7/ Recent Population Trends and the Provision of Services in Nonmetropolitan Communities, Econ. Dev. Div., Econ. Res. Serv., U.S. Dept. Agr. From: Rural America in Times of Austerity, Proceedings of the 54th Conference of the American Country Life Association, July 1975, pp. 56-66.

8/ Ibid.

Housing Progress

Goal

The national rural development housing goal is to:

Facilitate the attainment of access to standard quality housing in rural areas equal to that in metropolitan areas.

Status Indicators

*Nonmetro occupied housing grew at a faster rate than metro from 1970 to 1975 (14.0 percent vs. 11.2 percent).

*Occupied substandard housing declined at a faster rate in nonmetro areas from 1970 to 1975 (35 percent vs. 25 percent).

*In 1970, the ratio of adequate vacant housing units to occupied substandard units was greater in metro areas (.936 vs. .221).

Discussion

In 1975, 22.3 million or 31 percent of the Nation's occupied housing units were located in nonmetro areas. Mobile homes, which accounted for 5.2 percent of all occupied homes nationally in 1975, accounted for 10.1 percent of nonmetro occupied housing. It is clear that although some object to the increasing incidence of mobile homes, the lower cost of this type of housing is enabling many low-income nonmetro residents to upgrade the quality of their housing when they otherwise would not be able to do so.

Although nonmetro areas reduced the substandard portion of their occupied housing faster than did metro areas from 1970 to 1975 according to ERS estimates, they still had a higher proportion of inadequate housing (8.5 percent nonmetro vs. 3.7 percent metro) in 1975. Both the nonmetro and the metro proportions have improved from 1970, when they were 14.7 percent and 5.5 percent, respectively. In 1970, 2.9 million houses in nonmetro areas were substandard, compared with an estimated 1.9 million in 1975. Of the 1975 total, 1.4 million lacked complete plumbing (down from 2.4 million in 1970).

Vacant housing in both urban and rural areas has been pointed to as a potential resource for replacing substandard units. In 1970, there were about 174,000 vacant units available in nonmetro counties and about 493,000 in metro counties. These numbers represent about 7.3 percent of the occupied inadequate units in nonmetro counties and 31 percent in metro counties. ^{9/} Thus, the match of adequate vacant units to inadequate occupied units was far better in metro than in

^{9/} Vacant Housing: Is It Adequate and in the Right Places?, Econ. Dev. Div., Econ. Res. Serv., U.S. Dept. Agr., Stat. Bul. 536, Feb. 1975.

nonmetro counties. The overall ratio was .936 for metro areas, compared with .221 for nonmetro areas.

County differences were particularly extreme in nonmetro areas. In general, the nonmetro counties having the worst housing were also the ones with the fewest adequate vacant units. For example, the 367 counties with the poorest housing would have a deficit of 542,000 even if all vacant units were used to replace the inadequate occupied ones. On the other hand, in the 461 counties having the best housing there would be a surplus of 9,000 adequate units. In terms of the ratio of adequate vacant units to occupied inadequate units, the ratio was .039 for counties with the poorest housing and 1.053 for the counties with the best housing.

About one-half of the housing units lacking complete plumbing in nonmetro counties were concentrated in 30 percent of the counties in 1970. In these same counties, more than 20 percent of the housing lacked complete plumbing. Even if all the adequate vacant units in these counties were occupied by those now residing in inadequate units, only 6 percent of the inadequately housed would be affected. Nonmetro counties are affected by the location of adequate vacant units far more than metro counties. Adequate vacant housing is in many cases located in remote areas away from centers of trade and employment. Use of such housing to replace occupied inadequate housing is in many cases impractical, in effect further reducing the number of available adequate vacant units.

Community Services and Facilities Progress

Goal

The national rural development goal for community services and facilities is to:

Aid local governments and other entities to provide access to adequate community services and facilities in rural areas.

Status Indicators

It is not possible to present one or two quantitative status indicators to illustrate whether there has been progress in the overall community services and facilities goal area because of the variety of services and facilities involved in meeting essential needs of rural residents. Six categories of service--health care, education, water and sewer, public transportation, law enforcement, and fire protection--are discussed below, with national data given wherever possible.

Health Care

Status Indicators

*In 1973, there were more than twice as many physicians providing patient care per 100,000 population in metro areas compared with nonmetro--149 vs. 68. For physicians providing primary care--such as general and family practitioners, general internists, obstetrician/gynecologists, and pediatricians--the number per 100,000 population was 66 in metro counties vs. 40 in nonmetro counties. 10/

*Of the 687 counties designated as being entirely or partially in Critical Health Manpower Shortage Areas (CHMSA's) as of September 1975, 624--or 91 percent--are nonmetro counties. 11/

*Of the 2,436 counties designated as being entirely or partially in Medically Underserved Areas (MUA's) as of September 1975, 1,943--or 80 percent--are nonmetro counties. 12/

*Over 71 percent of Rural Development Act community facilities loan funds, excluding water and sewer loan funds, were for health care facilities projects as of June 30, 1975, 13/ reflecting the priority that communities give such facilities in applying for funding for essential community facilities.

Discussion

Recent years have seen increasing concern about the rural health care situation and intensified support for efforts to improve it by the Congress, the executive branch, and other public entities, as well as the private sector. With important exceptions--such as comprehensive health planning and public health education efforts--most of the measures now being emphasized are aimed

10/ Data are for active non-Federal M.D.'s. Source: Bur. Health Manpower, U.S. Dept. Health, Educ., Welfare, Rpt. No. 76-83, Feb. 18, 1976, based on data in Distribution of Physicians--1973, Amer. Med. Assoc.

11/ CHMSA's are eligible to apply to the Secretary of Health, Education, and Welfare for placement of National Health Service Corps personnel. Data are Rural Development Service computations.

12/ Health Maintenance Organizations that enroll at least 30 percent of their membership from the population in MUA's are provided priority ranking and up to 100 percent funding by the Department of Health, Education, and Welfare.

13/ Farmers Home Administration, USDA.

at alleviating selected acute health professional shortage problems in rural health care through (1) enticing physicians, dentists, and other health professionals to locate in rural areas and (2) developing alternative organizational and occupational methods for ensuring availability of and access to health services. Examples of the first concern are the National Health Service Corps and programs of financial assistance for medical school graduates in return for practice in medically underserved areas. Examples of the second concern include training of nurse practitioners and other physician extenders, the Family Health Center program, and Area Health Education Centers.

Underlying the development of these programs is the recognition that health professionals are disproportionately located in metro areas. This results from the fact that metro areas frequently offer more attractive economic, professional, and cultural incentives than are found in many rural areas.

With this in mind, we believe that the overall development of rural areas has not been emphasized sufficiently as a requisite for improving rural health and health care. The current programs to alleviate acute health professional shortages, the incentives to make it economically advantageous to medical school graduates to locate in rural areas, and the new emphasis on training more primary care physicians are all essential. However, these should be paralleled by intense efforts to improve general conditions in rural areas so that these areas can offer health professionals a culturally rewarding and economically satisfying place to live.

A long-term continuation of the 1970-74 trends in improved population, employment, and incomes in nonmetro areas should have broad health-related benefits. For example, as alluded to above, more nonmetro communities will eventually be able to add the variety, quantity, and quality of facilities and services that attract workers--including health professionals--who say they and their families are looking for "good living conditions." Also, rising incomes should eventually lessen malnutrition, substandard housing, inadequate sanitation, and other factors related to poor health among low-income families. As another example, employment patterns more similar to those in metro areas should give more nonmetro residents greater access to group health insurance.

However, neither overall rural development progress nor special health programs will redress all aspects of the rural-urban professional health manpower imbalance. This applies particularly for those aspects that are due to technological changes in the health care industry whereby certain types of quality care can be furnished only at locations accessible to large numbers of people and with high concentrations of specialist manpower and services.

Also, continuation of the 1970-74 trends of improvement in rural employment and income will not greatly reduce health care problems faced by residents of the many isolated smaller communities of rural America. It is uneconomical to establish complex health care delivery facilities in every small town. Residents of the many isolated smaller towns as well as people living in sparsely settled open spaces will still have to go to larger towns to meet most of their health care needs. These people see the improvement of emergency medical assistance as a critical need, including the continued development of innovative health care delivery systems that are not centered on the full-time presence of a primary care physician.

Another important area for consideration relates to health care needs generated by the elderly in rural areas. Economic Research Service studies show that immigration of elderly people is an important factor in recent population growth in nonmetro areas. ^{14/} Moreover, many nonmetro areas are already characterized by a high proportion of elderly people. Persons over 65 have nearly 2½ times as many restricted activity days as the general population and over twice as many bed and hospital days. Older persons are much more likely to suffer from chronic conditions and to have conditions that involve significant periods of disability.

While the entire population 65 years or older will increase 43 percent between 1970 and 2000, the 75 to 84 age group will increase 65 percent, and the population 85 and over, 52 percent. It is among these older persons that institutionalized care is most often needed.

Education

Status Indicators

*During 1970-74, educational attainment increased in both metro and nonmetro areas. The percentage of high school graduates among the nonmetro population over 24 years of age rose 7.5 percentage points (to 53.9 percent), compared with 9.0 points (to 64.7 percent) for the metro population.

*Because of the slightly higher rate of increase in educational attainment in metro areas, the gap between metro and nonmetro levels of attainment was maintained. In 1970, the proportion of metro residents who were high school graduates was 9.3 percent greater than for the nonmetro population. By 1974, this percentage difference had increased to 10.8 percent. Similarly, in 1970, 4.3 percent more of the metro population had 4 or more years of college; this differential had increased to 5.0 percent by 1974. The continuing differential in educational attainment between metro and nonmetro areas is associated with the lower attainment of older persons, who constitute a much larger part of the nonmetro population, and with lower levels of school enrollment for the nonmetro population age 16 to 18 years.

*Educational attainment varies considerably between younger and older age groups in both metro and nonmetro areas. For example, among nonmetro residents 45 years old or over in 1974, only about 42 percent had completed high school, compared with 70 percent of those 25 to 44 years old. In

^{14/} Population composition changes, along with population size changes, as key factors that must be considered in planning for provision of essential services in growing nonmetro areas are discussed in the report cited in footnote 7.

metro areas, the proportion of the older group completing high school was 53 percent, compared with 78 percent for the younger group. This improvement in educational attainment was observed for both farm and nonfarm residents in nonmetro areas.

*Among blacks, improvement was even more pronounced when comparing age groups in both metro and nonmetro areas. In nonmetro areas, only 11 percent of the older blacks had completed high school, compared with 42 percent of those aged 25 to 44. A similar comparison can be made in metro areas, although the disparity is less pronounced--29 percent of the older group had completed high school, compared with 62.5 percent for the younger black population. Despite this improvement, there is still substantial difference in educational attainment between whites and blacks, at all ages, in both metro and nonmetro areas.

*Educational attainment is substantially higher in urbanized nonmetropolitan counties compared with more sparsely populated areas. In 1974, 62 percent of nonmetropolitan persons residing in counties with a place of 25,000 or more population had completed a high school education, while 42.5 percent had attained a similar level of education in nonmetropolitan counties with no urban place (2,500 or more population).

Discussion

In Public Law 92-213, June 23, 1972, the Congress declared that "it will be the policy of the United States to provide to every person an equal opportunity to receive an education of high quality regardless of his race, color, religion, sex, national origin, or social class." The above data demonstrates substantial improvement in the level of educational attainment of the residents of nonmetropolitan America. However, they also indicate a continuing gap in the level of educational attainment between metropolitan and nonmetropolitan areas and between age, racial, and residence subgroups of the nonmetro population itself.

Recent data on Federal outlays for education indicate that serious emphasis has been placed on education in nonmetropolitan areas. In fiscal 1974, Federal outlays for education favored nonmetro areas over their metro counterparts. While 27.4 percent of the U.S. population resided in nonmetro counties, 31.6 percent of Federal outlays for education accrued to nonmetro areas. Federal outlays per capita totaled \$13 in nonmetro areas, compared with \$11 in metro areas. While Federal expenditures will not do away with the differences in age composition that are partially responsible for metro/nonmetro differences in educational attainment, the level of expenditures does indicate a serious Federal commitment to quality education for the residents of nonmetropolitan America.

Water and Sewer Services

Status Indicator

*In October 1974, 63.7 percent of year-round housing units in nonmetro areas were on public water systems and 48.0 percent were on public sewer systems.

Discussion

There was little change during 1970-74 in the proportion of nonmetro housing units served by either public water systems or public sewer systems. About 63 percent of the 3.3 million units built in nonmetro areas during the period were constructed on public water systems and 41 percent were constructed on public sewer systems. These percentages were about the same as those shown for existing units in 1970. Extension of public water and sewer services, therefore, appears to have kept pace with past performance.

Although the proportion of units on public systems did not increase during this time period, there was a marked improvement in the manner in which sewage was treated. The number of housing units served by neither public sewer systems nor septic tanks and cesspools declined from 2.4 million units to 1.3 million. The improvement occurred mainly through the addition of cesspools and septic tanks to units that did not have them in 1970.

Rural Public Transportation

Status Indicators

National data not available.

Discussion

Public transportation services are declining or nonexistent in rural areas, despite the need for rural mass transit, particularly among the elderly, the poor, the disabled, and others who lack access to automobiles. While the need is obvious and significant, demand traditionally has been too low to pay for rural bus service. Such service is more expensive to provide in rural areas because of the long trip distances and greater dispersion of the population.

Lack of transportation has consequences ranging from inability of eligible applicants to obtain food assistance, and great difficulty in getting to medical care facilities, to inability to take advantage of job opportunities. The Economic Development Administration's 1972 Growth Center Strategy Evaluation found that when projects were located in growth centers (usually towns in depressed regions), only 14 percent of the jobs were filled by rural residents of depressed counties. However, when projects were located directly in the counties, 87 percent of the jobs were filled by these residents. The lack of transportation was

cited as a prime reason for the failure of the rural residents to get either jobs or the technical training needed for jobs. 15/

In 1973, according to the Annual Housing Survey, occupied housing units without access to an automobile (although a light truck may be available) varied from 17.4 percent for the U.S. average to 28.0 percent in central cities of metro areas to 9.7 percent for noncentral city housing units. Some 15.3 percent of the housing units outside metro areas did not have access to a vehicle. Thus, while households outside metro areas and those in the suburban and less densely populated areas of metro areas may experience comparable travel distances, vehicle nonaccessibility is a much more serious problem in nonmetro areas because public transportation is virtually not available in these areas. 16/

Since those placed at a disadvantage by the lack of public transportation in rural areas are the poor, the elderly, and the disabled, most research on existing systems has been mainly concerned with services to these people. Most of the systems studied have been found to have had trouble operating without financial assistance. 17/

For the disabled and the elderly, problems of lack of transportation in rural areas will not be as amenable to gradual mitigation through general rural development progress. For the poor, rising incomes eventually would provide greater access to motor vehicles, although gasoline prices would be a constraint. Employment growth that would mean increased municipal revenues could result in provision of public service if local taxpayers see this as a priority. Since the motor vehicle is so dominant in rural areas, however, and those who have vehicles are in the majority, it is not certain that public transportation will be uniformly seen as a critical problem to be addressed through municipal resources.

15/ Prelude to Legislation to Solve the Growing Crisis in Rural Transportation--Part II, Meeting Rural Transportation Needs. Prepared by National Area Development Institute for the Committee on Agriculture and Forestry, U.S. Senate, Feb. 10, 1975, p. 282.

16/ Data from National Economic Analysis Division, ERS.

17/ Prelude to Legislation to Solve the Growing Crisis in Rural Transportation--Part I, Transportation in Rural America. Prepared by Economic Research Service, USDA, for Committee on Agriculture and Forestry, U.S. Senate, Feb. 10, 1975, p. 187.

Law Enforcement

Status Indicators

In communities of 50,000 and below, crime is increasing at a rate above the national average, especially crimes of violence.

CRIME INDEX TRENDS

(Percent change 1975 over 1974, offenses known to the police)

Population group and area	Agencies reporting	Population in thousands	Total	Violent	Property	Murder	Forcible rape	Robbery	Aggravated assault	Burglary	Larceny-theft	Motor vehicle theft
Total U. S.	8,265	181,198	+ 9	+ 5	+ 9	- 1	+ 1	+ 5	+ 5	+ 7	+12	+ 2
25,000 - 50,000	536	18,869	+ 9	+ 6	+10	---	+ 3	+ 8	+ 4	+ 8	+11	+ 4
10,000 - 25,000	1,339	21,253	+10	+10	+10	- 5	---	+11	+10	+ 9	+12	+ 6
Under 10,000	3,998	16,540	+12	+ 8	+12	+ 3	+ 3	+14	+ 7	+ 9	+14	+ 3
Under 2,500	1,559	21,045	+ 9	+ 4	+ 9	+ 5	- 3	+11	+ 4	+ 8	+11	+ 5

Discussion

The data above present a disturbing picture of increasing crime in rural areas, and these statistics--from the FBI Uniform Crime Report (March 25, 1976)--are compiled only from figures submitted voluntarily by law enforcement agencies. According to Criminal Victimization in the United States, 1973: Advanced Report, by the National Criminal Justice Information and Statistics Service, only about one-third of the crimes of robbery, assault, personal larceny, household burglary and larceny, and burglary and robbery of commercial establishments were reported in 1973. Of these crimes reported, approximately 80 percent are tabulated and sent to the FBI. Whether unreported crime is more prevalent in rural areas than urban is unknown.

Many rural areas can expect the cost of rural law enforcement to increase dramatically over the next few years. Aggregate demand for rural police services, for example, is increasing--primarily because of increasing numbers of rural non-farm residents, rising expectations for quality police services, and growing conflicts as rural communities become more heterogenous. On the supply side, much of the equipment used by rural law enforcement officers is obsolete and needs to be replaced. In addition, many rural areas are served by sheriffs and police chiefs who work long hours for little pay. In many cases, two officers may have to be hired at twice the pay, when the older officers retire.

The National Manpower Survey of Personnel and Training Needs in the Criminal Justice System--a major study being funded by the Law Enforcement Assistance Administration--should furnish much needed data as a basis for resource allocation for improving rural law enforcement capability. The study, mandated by Public Law 93-83, will include a current personnel and job inventory, projections of personnel requirements and resources, and current and projected needs in training and education.

Fire Protection

Status Indicator

*The fire fatality rate for white Americans in nonmetro areas is 4 per 100,000 vs. 2.7 per 100,000 in metro counties. Among blacks and other minority groups, the incidence as well as the disparity is even greater: 15.3 per 100,000 in nonmetro areas vs. 8.1 in metro areas. 18/

Discussion

Insufficient water supplies, lack of adequate building codes or sufficient enforcement personnel, insufficient funds to train and pay firefighters or replace antiquated equipment, inadequate alarm facilities, and response times of 15 to 30 minutes or more because of distance contribute to the rural fire protection problem. In addition, small rural communities undergoing development are finding that a new factory or shopping center, for example, can represent an immediate and great increase in the potential demand for local fire suppression services. (The Rural Development Act provides for assistance in organizing, training, and equipping local fire protection forces.)

In certain areas of the country one of the most acute fire protection problems for rural residents arises from the continuing encroachment of rural housing into areas dominated by extremely hazardous situations. In rural areas of southern California, for example, increasing numbers of homes are situated in brushlands subject to some of the most severe burning conditions that a wildfire can produce.

The threat of devastating fires in rural areas thus increases as more homesites are built on wildlands; it also increases as the use of forests for recreation increases. Fires on National Forest land and privately owned forest land, besides threatening life and the natural environment, are a serious economic problem for rural residents. Much rural income is derived from employment in timber harvesting, logging, sawmill and pulpmill operations, mineral extraction, operation of ski resorts and other outdoor recreation installations, and other economic activities that are curtailed when fire occurs.

Forest Service research is addressing a number of management techniques to reduce the physical hazards. The agency's research in fire prevention is also attempting to find the most effective ways of influencing people living in fire prone areas to ingrain fire prevention into their habits and behavior.

The National Commission on Fire Prevention and Control has recommended that rural dwellers living at a distance from fire departments install early-warning detectors and alarms to protect sleeping areas, and called for the assistance of newspapers and magazines for rural residents in publicizing the importance of

18/ America Burning, Report of the National Commission on Fire Prevention and Control, May 1973, p. 93.

these devices. However, many may not choose or be able to purchase these devices. It is hoped that the improving incomes occurring in rural America, and greater public awareness and acceptance of the importance of early-warning detectors will lead to greater use of these devices.

CONCLUSION

It is clear that rural America has made progress in four of the five goals areas since 1970. Its population has increased at a faster rate than metro population. Employment opportunities are keeping pace with the population increase as is shown by increased labor force participation rates and by unemployment statistics. The decline in the incidence of occupied substandard housing indicates progress in housing. And even though data were not found to indicate whether there has been nationwide progress in rural community services and facilities, it is obvious to most observers of the rural scene that some progress is being made in this goal category although a great deal of problems remain.

Although nonmetro areas taken as a whole are showing increased vitality, this vitality is not evenly spread throughout nonmetro America. While some of these disparities should be viewed as shortfalls in making progress towards goals, others may reflect diversities in the potential and expectations of particular communities with regard to growth and change. Some areas are suffering because population is increasing faster than it can be assimilated. A number of nonmetro counties simply have not shared in the population growth and are continuing to decline. Adequate housing is not evenly available. Numerous areas still do not offer a range of types of job opportunities. While poverty is found throughout most of rural America, the problems of poverty are more acute in some regions. And with community services and facilities, the adequacies or inadequacies vary greatly among areas and even from town to town.

The consequences of adequacies or inadequacies in rural America are also not felt evenly among population groups. For example, it is the poor and the aged who suffer most from the lack of adequate housing; and the poor, the aged, the young, and the infirm who bear the consequences of the lack of public transportation. On the other hand, problems such as a lack of emergency medical service, inadequate fire protection, and rising rural crime rates are felt more evenly by people of all income levels and age groups. In further contrast, problems in areas such as solid waste management, environmental quality, and land use are felt only indirectly by most people and are generally not perceived as personal problems, even though they affect everyone.

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The data presented thus far in this report and the discussion of various status indicators highlight problems and progress. On balance, the evidence is that rural areas as a whole are no longer declining but in fact are growing; a "turnaround" is apparently occurring. People at all levels of government and every citizen need to realize, however, that there must be a long-term continuation of the improvements in order to support a sustained balance of population

and economic activity that is in the best interest of the Nation.

It is important to find ways to spread the improvements more evenly--by geographical area and by population groups. Investments in jobs must be paralleled by investments in social infrastructure by local governments, something that will require commitment on the part of all residents, not just those most adversely affected by the absence of particular services. Federal officials need to administer programs more flexibly so that they can be more effective in diverse settings and to recognize that standardization, while of benefit to program administration, is not always compatible with the ultimate intent of the legislative program. Managers of Federal programs traditionally geared to metropolitan problems need to improve the effectiveness of their programs in rural settings. And State and local governments and the private profit and volunteer sectors need to be more alert to the many developmental opportunities in rural areas--opportunities to serve as well as to produce--if all rural communities seeking to improve their economies and their community services base are to succeed.

The very fact that this is a government report implies a focus on government in rural development. The following two chapters in particular are explicitly focused on government. Section 603(b) of the Rural Development Act--which calls for the Goals Report and directs rural development leadership and coordination--focuses on the executive branch of government working with State and local government.

These emphases on government should not obscure the fact that despite increases of up to 400 percent in the funding of USDA and other Federal assistance programs for rural development over the past 7 years, private investments and local taxes continue to finance the overwhelming preponderance of all rural development. In housing, for example, private lenders financed 79 percent of the 619,000 single and multifamily housing units completed in nonmetro areas in 1974, with Federal housing programs assisting the remaining 21 percent of units.

PART II--FEDERAL ACTIVITIES IN RURAL AREAS

INTRODUCTION

Chapter 3 reports on the rural development coordination activities undertaken by USDA's Rural Development Service in carrying out responsibilities set forth in section 603(b) of the Rural Development Act of 1972.

Chapter 4 presents a discussion of a wide range of FY 1975 Federal program activities having direct impact on rural areas. These program activities are categorized according to the five rural development goals areas rather than by department or agency. This arrangement was selected not to imply that a process exists for routinely translating goal statements into program actions but rather to provide a perspective that demonstrates the extent and variety of many different departments' and agencies' inputs or services related to each goal category.

Furthermore, as will quickly be seen, no effort was made to evaluate or assess programmatic effectiveness in terms of rural development goal attainment. Such assessments are not now possible in many program areas because of the lack of inventory data for many services and facilities, the lack of agreed-upon effectiveness standards, and the absence of a methodology for assessing the effectiveness of certain programs in meeting national rural development goals that have not been translated into program objectives for the programs under consideration. This is not to say that Federal programs are not being evaluated. Overall program assessments are continually being conducted as a function of Executive office and departmental management as well as by the appropriate oversight committees of the Congress. However, these evaluations are not designed to measure accomplishments in terms of national rural development goals.

It will be noticed that in the discussions of Federal activities, many varying town population-size criteria are used for rural, and program measurements data range from dollars expended, to number of people assisted, to number of man-years of service provided. Since definitions, measurements, and other input and output concepts and numbers used are not comparable from program to program, it was not possible to summarize the results of activities in the various goals categories.

In sum, the program data are inadequate for the purpose of this report; the reason is that most Federal agencies do not collect data for the purpose of annual rural development reporting. They collect it for purposes directly related to their own legislated responsibility and operations requirements. Whether an added data collection, analysis, and reporting system should be designed and imposed onto Federal departments is a question just as difficult to deal with as the matter of costly annual surveys at the national, State,

and local levels that would permit better reporting on rural development needs and progress. At a time when the choices for spending Federal dollars must be made from among thousands of compelling priorities and there is also a congressional and Executive effort to reduce data collecting and reporting to the minimum needed for good government, these questions are particularly difficult.

Despite the lack of comparability of program data and uneven treatment of various goal categories because of data availability constraints within the agencies supplying information for the report, we believe the following pages provide a comprehensive general picture of Federal activities that assist in rural areas.

3. RURAL DEVELOPMENT COORDINATION

Introduction

Section 603 of the Rural Development Act of 1972 directed the Secretary of Agriculture to provide rural development leadership and coordination within the executive branch and to coordinate a nationwide rural development program using executive branch agency resources in coordination with development programs of State and local governments. Responsibility to assist the Secretary in carrying out these duties was delegated to the Assistant Secretary for Rural Development and redelegated to the Rural Development Service (RDS). 19/

There is continuous coordination between and among Federal agencies which is quite independent of any effort on the part of RDS. Examples include cooperative manpower and education programs involving the Department of Labor, the Department of Health, Education, and Welfare, and USDA's Extension Service and Forest Service. The Bureau of Indian Affairs and the Department of Housing and Urban Development cooperate in Indian housing. The Farmers Home Administration works in cooperation with several other Federal agencies, such as the Environmental Protection Agency, the Economic Development Administration, and the Appalachian Regional Commission in selected areas of common interest.

It is a major role of the Rural Development Service to search out and identify new opportunities for improved interagency coordination and to serve as a catalyst between and among other agencies in order to promote cooperative arrangements which will result in the better delivery of Federal assistance to rural America. In undertaking the Federal coordination responsibility, RDS addresses constraints and problems that tend to impede the full revitalization of rural America. Among these are the following:

19/ Code of Federal Regulations, Title 7, Part 22, Subpart A.

1. Many Federal programs applicable to rural needs have not been effectively integrated, resulting in gaps, oversights, and duplication in effort as well as inadvertent hinderances to full utilization of available resources. Integration has also been lacking between levels of government and between government and private sector leaders.

2. Rural leaders have been hampered in their development actions because there has been no single source of reliable, complete, current, and easily accessible information regarding the type and availability of Federal assistance applicable to rural development needs.

3. Local leaders who must plan for and bring about rural development that is uniquely responsive to the individual community need advisory assistance. The smaller rural communities, in particular, generally lack technical staff expertise in identifying and applying for Federal, State, and private assistance and taking advantage of joint funding opportunities.

The Rural Development Service set the following goals as a guide to developing programs to meet these problems and constraints:

1. Encourage an equitable distribution of Federal resources to nonmetropolitan areas.

2. Assist rural communities in gaining better access to the available developmental resources. (Resources include financial, technical assistance, information, and manpower.)

3. Assist people in rural communities to become more effective in implementing the developmental process in their communities.

Coordination and leadership at the national level involves analysis of existing and proposed Federal programs, legislation, regulations, and policies to determine if they serve the rural sector properly and equitably. If not, RDS proposes appropriate changes and negotiates procedures to close program gaps, resolve funding problems, and improve delivery mechanisms. RDS also assists in developing new or modified regulations and prepares instructional materials for dissemination to rural areas as new or revised programs become operational. In addition, the agency represents the rural interest on numerous executive interagency task forces concerned with delivery of developmental resources, and is the lead agency in articulating goals for rural development.

RDS activities focused at the State and local levels consist primarily of providing program information, technical assistance, and counseling directly to local officials seeking help in community development projects. In addition, the agency has developed and implemented innovative training and educational programs for citizen leaders concerned with developing their communities, and works in a liaison capacity with private sector organizations active in rural development. RDS is expanding its coordination efforts to focus greater attention on the role of private sector resources for development of rural areas, and will be seeking to help develop ways to enable private sector organizations and groups to be more responsive to needs and interests of rural communities.

Executive Branch Coordination

Approximately 85 percent of Federal resources applicable to development needs in nonmetro areas are administered by agencies, commissions, and authorities outside the Department of Agriculture. However, many of the programs delivering these resources have traditionally been urban oriented and special emphasis is required to ensure their full utilization in rural areas. Additionally, some programs could be meshed with other programs to the advantage of taxpayers and program users, but are often not brought together because of lack of awareness of the possibilities or absence of a coordinating body or mechanism.

In a continuous effort to correct this situation, RDS, in cooperation with USDA program agencies and other Federal agencies, has assisted in developing arrangements to provide a coordinated approach to rural development. Examples of RDS-assisted arrangements follow:

- *The Extension Service cooperated with the Public Health Service in implementing the Emergency Medical Service Systems Act of 1973 by disseminating information on grants and contracts under the Act to rural communities nationwide. ES may also provide technical assistance to communities preparing proposals for systems to be funded under the Act.

- *The Small Business Administration and the Farmers Home Administration have established cooperative referral procedures to ensure that business loan applicants are served by the type loan and lending agency best fitted to their needs.

- *Farmers Home Administration has an agreement that allows employees of local government units or nonprofit organizations to assist FmHA in providing agricultural, housing, and other financial assistance for rural people. This agreement enables such employees as local personnel of Community Action Agencies funded by the Community Services Administration to perform outreach and loan packaging services for applicants for low-cost housing loans, for example.

- *USDA representatives serve on the regional and Federal selection panels for recommending project funding under the Rural Highway Public Transportation Demonstration Program. USDA also helped draft the Department of Transportation's regulations implementing the program, authorized by the Federal-Aid Highway Amendments of 1974. The objective of both actions--which were initiated and

coordinated by RDS--was to ensure that the Federal department most specifically knowledgeable of rural conditions and needs could have input into an important rural program.

*Extension Service and other USDA agencies assisted the Federal Highway Administration in implementing the Rural Highway Public Transportation Demonstration Program by disseminating through the USDA field office system project criteria to rural communities throughout the Nation. RDS coordinated this work and together with the Extension Service published the criteria in special fact sheets for rural communities.

*HUD Interim Revised Regulations on Community Development Block Grants, which inadvertently did not give nonmetro areas sufficient time for the pre-application process for general purpose funds for fiscal 1976, were revised after RDS interceded. RDS pointed out that the insufficient time allowed for local governments to establish planning procedures, develop applications, meet citizen participation requirements, and submit preapplications to the State and areawide A-95 clearinghouse 30 days prior to their submission to HUD would restrict participation by the many small local government units that lack staff expertise to meet the short deadlines.

*USDA recommended to the Department of Health, Education, and Welfare the use of a special population-based formula to ensure adequate and equitable non-metro membership on Health Services Agencies to be established under the National Health Planning and Resources Development Act of 1974. While preliminary regulations gave equitable attention to the need for membership from the nonmetro sector as a whole, the Department was concerned that the most rural nonmetro counties also be adequately represented. Using Economic Research Service classifications of urbanized, less urbanized, and totally rural nonmetro counties, the Department submitted for consideration a formula to ensure equitable representation from each of the three types of groups. This work was initiated and coordinated by RDS in its position as chairman of the National Rural Development Committee's Subcommittee on Health.

*Through arrangements with the National Endowment for the Arts, RDS is serving as liaison advisory agency to ensure that rural residents receive an equitable share of cultural monies, especially for craft development. As a member of the Office of Education's Committee on Arts and Humanities, which sets priorities for use of funds for arts and humanities education, RDS is pursuing this same function with regard to educational monies. The agency also recently helped develop proposed legislation to promote the development of American hand-crafts, because of the importance of craft-related employment as a socioeconomic development tool for rural people.

Additional coordination arrangements are in process. For example, RDS is currently working with:

*The Department of Housing and Urban Development, the Old West Regional Commission, the Council on Environmental Quality, the Federal Energy Administration, and approximately eight other Federal agencies, to assist the Wyoming State government in an important "Planned Energy Towns" project. The project aims to demonstrate the feasibility of phased building of quality communities

to accommodate the predicted population upsurge in coal mining areas of Wyoming. The Rural Development Service will coordinate USDA's participation in this project. RDS will also study the project results to determine their applicability to other rural areas experiencing rapid growth. In addition, because the proposed model towns would be in areas with a resource life of only 20 to 30 years--meaning an eventual need to substitute other economic development to keep the communities alive--RDS will study the project in the context of advance planning for the adaptation to economic change.

*The Department of Housing and Urban Development, Farmers Home Administration, and Extension Service, to develop a rural demonstration delivery system for community development and housing assistance for hard-to-reach low-income individuals and families. RDS is on the task force developing plans for this project and is coordinating USDA's participation with HUD.

*The Appalachian Regional Commission and several USDA agencies, to develop cooperative agreements between USDA and the Commission in rural housing, health care services and facilities, and other needs areas for which either USDA or the Commission administers resources.

*The Department of Health, Education, and Welfare and a number of USDA agencies, to assist HEW in implementing its Rural Health Initiative. Through chairmanship of the National Rural Development Committee's Subcommittee on Health, RDS will help develop agreements between HEW and Extension Service, Farmers Home Administration, and other USDA agencies, whereby certain programs and resources of the two departments will be combined to further the development of integrated county or multicounty primary health care systems in Critical Health Manpower Shortage Areas.

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The foregoing discussion has documented examples of efforts at the Federal level to improve, through communication, cooperation, and advocacy, the delivery of Federal resources to rural areas. The coordination and leadership work of RDS is also carried out at other governmental levels and with the private sector. The following section discusses this work in terms of bringing together Federal programs and program users in an improved way and assisting local people to implement the development process.

Local, State, and Regional Coordination Services

One of the most pressing needs for small rural communities is a single source of reliable, complete, and current information on assistance available for rural development. Many rural communities lack the staffs and expertise needed to identify, analyze, and approach the most appropriate of the 500 to 600 Federal and other programs that can offer needed resources for rural development.

To meet the long-range objective of ensuring that rural communities overall receive an equitable share of these resources and to immediately assist individual communities with specific development projects, RDS has established a number of services addressed to rural communities' problems in identifying and seeking appropriate Federal and other assistance and carrying out developmental projects.

One-Stop Technical Assistance

RDS provides what is in effect a national rural development ombudsman service to help public officials and others identify and gain ready access to Federal, State, and other services and resources applicable to their rural development plans and priorities. Eligible applicants for this service are public officials seeking to develop a public facility or service in a town with less than 50,000 population, or nonprofit organizations and profit-making groups or individuals planning to establish an enterprise, facility, or service in such a town that would stabilize or increase local employment levels or improve residents' access to an essential community facility or service.

Using as a case example a public official's request for assistance regarding a proposed health care facility, the RDS technical assistance service operates as follows:

On receipt of a written request for assistance, and after eliciting certain key data from the inquirer, RDS will:

- *Identify Federal, State, and other financial and technical assistance for which the town is eligible.

- *Identify any opportunities the community could pursue for joint funding of the proposed project--for example, funding of the facility construction by one agency and funding of the needed equipment by another agency.

- *Provide the names and addresses of officials who must be contacted for each program for which the town is an eligible applicant. RDS will provide these officials with copies of the correspondence sent to the community officials, so program officials will know in advance that they may be contacted for assistance.

- *Provide preapplication counseling, once the community has determined its priorities and decided which assistance to apply for. This counseling includes, for example, guidance on obtaining State "certification of need" for a proposed medical facility and, after this is obtained, counseling on how to formulate the project proposal for funding-application purposes.

- *Maintain a case file on the project when warranted, and follow up until the project has been funded or the case is closed for some other reason. During this period, RDS resource specialists are available to provide special assistance as needed.

The following cases illustrate the kind of assistance provided through this ombudsman-type service:

* RDS assisted a rural county planning office in eastern Ohio in developing a 25-unit housing project for the elderly near the city of Van Wert. RDS was originally contacted to provide source material on possible Federal assistance to initiate this project, and did so. RDS was recontacted by the planning office, during the final stages of loan application, because of several problems which had arisen. Two Federal agencies had been suggested as sources of possible Federal loan assistance. Because of the Project's proximity to a city, the rural-oriented agency was hesitant to make funding available, and because the development was not located within the city limits, the urban-oriented agency could not help. RDS interceded on behalf of the county planning office. As a result of this action, the project was successfully funded at its present location.

This case example is given to illustrate the following: (1) legal requirements are, of course, built into program eligibility standards; (2) but worthy projects can fall "between the cracks," despite the good intentions and standard operation procedures followed by managers; (3) rural officials cannot always solve such problems by themselves from the local level; (4) an agency that has unique statutory authority to cross agency lines and to coordinate rural development efforts as a full-time function and purpose can provide practical and good-will service to program users and deliverers.

* RDS assisted a group of 17 peach growers with 1,643 acres of orchard in southeastern Missouri, who wished to form a marketing cooperative. RDS made arrangements with USDA's Farmer Cooperative Service to provide market analysis and feasibility studies for the growers. Subsequently, FmHA provided a \$600,000 business and industrial loan for the cooperative. RDS undertook the initial action on the project at the request of the growers and followed with the coordination services leading to its successful conclusion.

* A New York State citizen requested technical assistance in locating and building a \$1.5 million liquid egg processing plant in South Carolina. As a result of RDS counseling, a step-by-step plan was developed which included identifying resources, services, and names and addresses of officials at the State, regional, and Federal levels who could arrange financing, market analysis, feasibility studies, and demographic information on the proposed site. The applicant has received a \$6,000 grant from the Coastal Plains Regional Commission and has submitted an application to FmHA for a \$900,000 loan for construction of the plant, now undergoing consideration by FmHA for a loan guarantee. RDS is continuing to follow up with coordination assistance as needed, until the applicant's project is under way. Such service to businesses is provided only when stabilized or increased local employment will result.

Federal Assistance Programs Retrieval System (FAPRS)

FAPRS is a computerized program information system initiated and developed by RDS with the assistance of USDA's Agricultural Stabilization and Conservation Service to provide instant, complete, and up-to-date retrieval of information on Federal assistance programs applicable to rural development. The system is operational in RDS in 37 areas of aid in four major categories: community facilities, housing, business and industrial development, and planning assistance. Additional categories will be programmed into the system as warranted by demand.

FAPRS is available for use on a cost-sharing basis by public and private groups having compatible computer terminals. The system was developed to assist program specialists in searching out rural development resources and will also give local officials the opportunity for on-site retrieval of program availability data. Access to the FAPRS service is being made available by Federal, State, or district offices that have a computer terminal and subscribe to the service.

Applicants need no knowledge of computers to use the system. The computer is programmed to ask a few basic questions about the applicant's community and to assist in answering them if necessary. Based on this information, and the applicant's identification of the specific category of help being sought, the computer will print out the names of all applicable Federal assistance programs. The printout is cross-referenced to the Catalog of Federal Domestic Assistance, so that the user can refer to the Catalog for a summary description of each program identified and sources of further information. A small fee, generally less than \$5, may be charged to applicants to compensate the terminal office for the cost of providing the FAPRS service.

Guide to Federal Programs for Rural Development

To augment RDS' technical assistance services, RDS has published a revised Guide to Federal Programs for Rural Development. This is a comprehensive reference catalog that serves as a directory for local government officials to learn where, in the array of Federal program assistance, they can seek support for their community development priorities.

Information Services

The Rural Development Service maintains supplies of publications describing individual programs of USDA and other departments and agencies with substantial resources available for rural development. The publications are supplied to visitors and in response to written and telephone requests for basic introductory information on Federal rural development programs, to eliminate the need for the inquirer to contact numerous separate agencies that all may administer programs relevant to one specific need.

In addition to responding to numerous requests annually for basic rural development information, the RDS information staff conducts a wide range of information activities to publicize rural development as a process that is critically important to the Nation. This effort includes staff-produced television and radio shows and news and feature material for newspapers and other publications; personal interviews of USDA officials by media representatives concerned with promoting rural development; suggestions for feature stories on successful community development projects and other subjects related to rural development given to newspapers nationwide; publications, such as the revised Guide to Federal Programs for Rural Development, a bibliography of rural development literature, and special fact sheets on rural development resources; and visual materials, such as films, exhibits, and a color slide show that describes how a hypothetical community uses the Rural Development Act of 1972 and other legislation to upgrade the quality of community life.

Special Notices

Rural community leaders have made known that leadtimes established for responding to Federal agencies' requests for proposals or funding applications often tend to be too short for communities that lack professional staff expertise in the area of funding and planning for development. Nor do agencies' requests always allow sufficient time to comply with various State and local requirements for obtaining approval to apply for Federal assistance. RDS watches for these types of situations and recommends corrective action to the relevant agencies. It also helps rural communities facing short deadline situations by publishing and distributing special notices, most often in the form of Facts on Rural Development Resources. These fact sheets were established as a means of quickly informing rural communities of newly available rural development resources, especially resources from programs that have a short application period because of the upcoming end of a fiscal year or because of various other pressures or constraints. For example, the fact sheet entitled "Rural Highway Public Transportation Demonstration Program" was needed to alert local public agencies and other eligible applicants for demonstration grants available under the program that proposals would need to be submitted within 60 days after publication of the regulations. Facts on Rural Development Resources have also been issued on the Housing and Community Development Act's community development block grants; the Act's community development discretionary grants; and the rural community fire protection program under Title IV of the Rural Development Act.

The fact sheets, prepared in cooperation with the agency administering the program being announced, are usually distributed for RDS by the Farmers Home Administration and the Extension Service, who supply copies to their State and county offices for redistribution to appropriate local groups. In addition, RDS supplies copies to members of the Federal Regional Councils and to the 53 State Rural Development Committees.

In addition to the Facts series, special notices may take the form of news releases issued by other agencies who then supply RDS with copies for special rural mailings. RDS also prepares special releases for newspapers and radio spot tapes for farm broadcasters to use to inform rural communities about programs newly available with short application leadtimes or to alert them to changes in deadlines that may have come about in revised regulations.

Planning Assistance

The Rural Development Service, in accordance with Rural Development Act regulations, provides upon request planning review services for State, substate, and local governmental or quasi-governmental organizations that have prepared development plans. In reviewing plans, RDS identifies appropriate resources that could be used in implementing the plans, and also recommends improvements in the plans with regard to opportunities for coordination between levels of government.

RDS is also preparing a manual, "Rural Planning Guide," for use by rural officials and concerned citizens. The guide is primarily designed for communities that do not presently have the services of a full-time planning expert or staff. It is a simple "how-to-do-it" outline that identifies all necessary steps in a community or areawide planning process. The guide is annotated to identify any Federal regulations or administrative requirements to be met by communities undertaking the various types of functional or comprehensive planning. The purpose is to enable adequate and inexpensive planning that is responsive to any specific requirements established by Federal agencies.

In the area of health planning, RDS and Farmers Home Administration jointly funded a rural health study providing a conceptual model for a rural health care delivery system and guidelines for use by FmHA program officials evaluating proposals for funding of health care facilities under Title I of the Rural Development Act. RDS has circulated the study for comments by the Department of Health, Education, and Welfare, private sector leaders in health care, and a number of other groups, and, in consultation with appropriate agencies, will prepare a rural health care planning handbook based on the study.

Coordination Services to States

As Secretary of the National Rural Development Committee, RDS is liaison agency between the Committee and the 53 State Rural Development Committees. The State Committees, in operation in the 50 States, Puerto Rico, Guam, and the Virgin Islands, are comprised of representatives of USDA agencies, State governments, public agencies, private groups, and, in many cases, other Federal departments. The Committees provide a coordination mechanism for rural development at the State, area, and county levels. About 90 percent of the Nation's counties are served by either a county committee, a multicounty committee, or both.

RDS regularly provides the State Committees with current information on rural development program developments and issues, mailing out Facts on Rural Development Resources, annual rural development reports submitted to the Congress, and a rural development newsletter issued twice monthly, and responding to special requests for liaison services pertaining to State or areawide development conferences. In addition, RDS reviews the Committees' annual plans of work and maintains the USDA central depository records pertaining to the State Committees.

Regional Coordination Services

RDS activities described throughout this chapter serve to link Federal, State, and local people in various ways. At the regional level, RDS has undertaken direct linkages through Rural Development Roundtables, initiated to increase the understanding and knowledge of Federal and State program managers of their roles in providing program assistance in rural areas. Two roundtables have been conducted for representatives of departments serving on the Federal Regional Councils, other departments with field offices, State government agencies, State offices of Federal departments, and the private sector.

Leadership Development Assistance to Communities and States

To focus national attention on rural development and to assist volunteer community leaders in the processes and techniques of developing their communities, RDS developed the National Rural Development Leaders School (NRDLS), a demonstration project which has provided leadership development assistance to over 700 citizen leaders and other participants from 49 States. Seven sessions of the School have been conducted. The School model was developed with the assistance of Extension specialists, State and Federal government representatives, universities, and other private sector representatives to provide a comprehensive and coordinated approach to rural development. Participants have been selected from multistate areas, to give local leaders the opportunity to benefit from exchanges on rural development as an areawide process.

Rural Resources Fairs held at the week-long School sessions have enabled School participants to meet with representatives of numerous Federal and State government agencies providing assistance for local development efforts.

In response to requests from a number of States, RDS will develop and conduct an inservice training program based on the techniques and methods developed and used in NRDLS. The training will be conducted for State and sub-state governmental and private groups involved in rural development and wishing to use the NRDLS techniques in their own development efforts.

With the assistance of RDS and Extension specialists, NRDLS participants from Minnesota developed a 4-day Rural Leadership Program and North Dakota participants a 3-day leadership development program. A number of other States have indicated a desire to adopt concepts from NRDLS, including Colorado, where the State Rural Development Committee plans to conduct a "mini-NRDLS" in several regions within the State.

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Response to the mandate in Section 603 of the Rural Development Act requires a comprehensive knowledge of events, issues, and policy and program developments that affect the interests of rural people. RDS meets these requirements through:

- * Systematic review of proposed and enacted legislation and regulations, and through work as the Department of Agriculture's coordinator for all comments on legislation and regulations bearing on rural development.

* Personal meetings with hundreds of Federal program managers and policy-makers, meetings initiated by RDS to bring attention to rural development and the need for integrated efforts.

* Participation on over 30 interdepartmental and intradepartmental task forces concerned with programs bearing on rural development.

* Membership on USDA's National Rural Development Committee, secretaryship of the Committee, chairmanship of the special Subcommittee on Health, at-large membership on eight additional NRDC subcommittees, and leadership of numerous special task forces or project teams--for example, leadership of a team of USDA program experts visiting the Eastern Band of the Cherokee Indians' reservation to determine how USDA can better serve the Indians' development needs.

* Responsibility to prepare three multiagency rural development reports required by the Congress, including two reports that cover all executive branch agencies administering resources applicable to rural development.

* Liaison service to State Rural Development Committees and regional sub-state planning and development groups.

* Study of research and written reports of local rural development needs.

* Knowledge gained in receiving and responding to local and State groups' requests for assistance and through evaluating their statements on problems.

* Frequent contacts with members of Congress and their staffs.

4. FEDERAL PROGRAM ACTIVITIES, FISCAL YEAR 1975

The Federal program activities reported on in this chapter are discussed under the goal area where they have had the most impact, except that some housing and community services and facilities programs are also discussed under employment and income when their impacts on these two goals areas could be identified.

Most of the sections cannot be considered all inclusive because of the interdependence of the five goals areas and the multiple impacts of many of the programs discussed. For example, a low-income housing program developed by a Community Services Administration-funded community housing development corporation has an impact on each of the five goals. It creates employment; it provides income to construction workers and to the business community where materials are purchased and payrolls are spent; it supports population balance by helping hold the rural population and it provides decent homes for families, thus improving the quality of community life while increasing the inventory of quality housing; and through creation of a housing development institution, it strengthens the ability of local government to provide a necessary community service for people in the community.

Agencies providing program data for this chapter used various definitions of "rural" according to the requirements of the legislation, regulations, and management policies under which they operate. The most frequently used definition of rural was nonmetro, a term synonymous with non-Standard Metropolitan Statistical Area. (The Census Bureau definition of a Standard Metropolitan Statistical Area is given on p. 3). When nonmetro is applicable, this term is used here without further explanation. When "rural" has a meaning different from "nonmetro," explanations are given whenever possible.

Employment

The following section deals with (1) programs whose purpose is to improve employment; (2) programs that have a nonemployment-related purpose but an impact on rural employment; (3) manpower training, placement, and related programs; and (4) research and educational activities that support the rural development employment goal. All departments and agencies contacted during the preparation of this report were asked to quantify their impact on rural employment; when that impact could not be quantified or discussed in reasonable depth for programs that have a nonemployment-related purpose, the program was not included in this section. This is not to say that such programs do not have an important impact on local economies and employment. Two examples are Veterans Administration health programs and the Bureau of Outdoor Recreation's grant-in-aid program to State and local governments. Furthermore, the number of jobs reported as created or saved by the different programs cannot be aggregated for a national total. Often several programs as well as the private sector are involved in the same setting; thus, not even good estimates can be made of the jobs created or saved by each effort. Moreover, there is no consistent

definition of jobs created or saved that can be transformed into man-years of employment generated or saved in rural communities.

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In FY 1975, USDA's Farmers Home Administration (FmHA) made available a record \$5.47 billion in over 216,800 loans and grants to farmers, homeowners, municipalities, and other organizations in rural America. This assistance, which is channeled through 25 loan and grant programs, has a major impact on rural employment, but the diversity of the loan and grant programs makes it difficult to quantify their employment impact. Employment impact formulas used by FmHA are currently being evaluated by the agency and may be revised. Thus, statistics on jobs created by FmHA programs in fiscal year 1975 are not available.

FmHA's business and industrial development program was authorized by the Rural Development Act of 1972 for the express purpose of improving the rural employment base through facilitating development of private business enterprises. Public bodies located in open country and towns of up to 50,000 population, if not within built-up or subdivided areas around a city larger than 50,000 population, are eligible for both the loans and the grants, while individuals, businesses, or nonprofit associations are eligible for the loans only.

Some 538 business and industrial loans were made in FY 1975. Based on data through June 30, 1974, the following is a general analysis of the type of lenders involved in the business and industrial development loan program.

	<u>Percent</u>
Guaranteed loans:	
Commercial banks (State and national banks)	87.6
Savings banks	<u>1/</u>
Savings and loan associations	3.8
Insurance companies	<u>1/</u>
Other lenders (includes mortgage bankers, brokers, leasing companies, production credit associations)	5.5
Insured loans:	
FmHA insured loans (to Indian tribes and public bodies)	<u>2.4</u>
	100.0

1/ Less than 0.5 percent.

A survey of 1,038 guaranteed and insured business and industrial loans showed that the following types of enterprises were represented from the

beginning of the program through October 1975 (grouped according to classifications used in the Standard Industrial Classification Manual):

<u>Titles and description of industries</u>	<u>Percent Distribution</u>	
	<u>By number of loans</u>	<u>By amount guaranteed or insured</u>
Agriculture, forestry, and fishing	5.7	4.9
Mining	1.2	1.5
Construction	5.2	2.4
Manufacturing	38.3	60.2
Transportation, communications, electric, gas, and sanitary services	3.6	2.5
Wholesale trade	8.9	6.6
Retail trade	15.7	4.6
Finance, insurance, and real estate services	3.8	2.8
Services	17.2	14.2
Public administration	0.1	0.2
Nonclassifiable	0.3	0.1
	<u>100.0</u>	<u>100.0</u>

About two-thirds of the loans were for expansion of existing businesses and the remainder for new facilities.

During FY 1975, FmHA also made 210 industrial development grants, amounting to more than \$13.7 million. These funds were used by communities to upgrade sites (to make them suitable for use as industrial or business locations) through such measures as extension of water and waste disposal services, access roads, rail spurs, and utilities.

In addition to the business and industrial development program, farmer programs operated by FmHA help strengthen the employment base in rural America through provision of credit assistance for the purchase and operation of family-size farms and ranches. For those who have been unable to obtain sufficient credit to establish an efficient, sound, and successful farming operation, and thus achieve a reasonable standard of living, FmHA provides insured and guaranteed loan assistance for farm ownership and operation. For FY 1976, the agency expects to serve 12,400 farmers through the farm ownership program and 49,900 farmers through the farm operating program. In FY 1975, FmHA made 59,852 loans for \$902 million under the farm operating and farm ownership program. Included in the loans were 2,500 loans to young people to help them learn money management and earn an income.

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Some 107,492 jobs were created or saved through Small Business Administration's guaranteed or direct loans approved in FY 1975 for small businesses in nonmetropolitan counties. The total amount of these loans was \$658.4 million, or 35.7 percent of the national total of \$1,841.9 million. This percentage

can be compared to the 27.4 percent that is the proportion of the U.S. population living in nonmetro areas.

The largest small business program in FY 1975 was the 7(a) program of general loans to aid small businesses in their financing needs. The \$530.2 million in 7(a) funds created or saved 87,527 jobs in nonmetro counties.

Economic opportunity loans for low-income or socially or environmentally disadvantaged persons totaled \$15.2 million, and the 807 loans made resulted in the creation or saving of 9,280 jobs in nonmetro counties.

State and local development companies--corporations chartered for the purpose of promoting economic growth within specific geographic areas--received 181 loans totaling \$21.3 million and creating or saving 7,600 jobs for nonmetro residents.

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The Economic Development Administration (EDA) operates under the Public Works and Economic Development Act of 1965, as amended (P.L. 89-136). The purpose of the grants and other assistance extended by EDA is to "alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions" of the United States. Therefore, EDA programs are discussed here rather than under Community Services and Facilities, even though many EDA grants are for public facilities.

In FY 1975, EDA obligated \$238,367,029 through programs directly operated by the agency. In addition, on June 17, 1975, EDA allocated the \$125 million appropriation for the Job Opportunities Program (title X). The EDA share of this allocation was \$32,573,284, which was obligated early in the next fiscal year.

Of the funds for programs operated by EDA, \$85,374,696 (35.8 percent) went to metro counties, \$134,362,503 (56.4 percent) went directly to nonmetro counties, and \$18,629,830 (7.8 percent) went to national or statewide projects. Ninety-five percent of the "national or statewide" funds went for either public works and business development projects to be identified by the State governors (\$12,213,125) or for support of a State economic development planning process (\$5,491,755)--both program purposes having some unquantified effect on rural development.

Obligations for projects in nonmetro counties occurred in 10 EDA program categories shown in table 1. Public works grants and loans and supplemental grants were obligated for a variety of purposes--mainly water and sewer systems, industrial and commercial buildings, and transportation facilities. Public works impact program funds were obligated for a variety of projects available to create immediate construction employment--including water and sewer systems, public buildings, and street improvements. Business loans and working capital loans were EDA obligations to enterprises for creating new jobs or saving existing jobs. Technical assistance obligations were used to support public and private (nonprofit) organizations and institutions engaged in economic

development planning and operations, and for such purposes as natural and human resource development, economic development expertise, facility utilization, and organizational and management assistance.

Table 1--EDA nonmetro county obligations by agency programs, FY 1975

Program name	Nonmetro amount	Percentage distribution
Public works grants and loans	\$ 89,699,704	66.7
Public works supplemental grants	764,060	0.6
Public works impact program	8,679,718	6.5
Public works subtotal	99,143,482	73.8
Business loans	5,733,925	4.3
Working capital loans	225,000	0.2
Business development subtotal	5,958,925	4.5
Technical assistance	4,500,356	3.4
Planning grants (301.[b])	2,970,065	2.2
A-95 Review/professional services grants	837,533	0.6
Planning subtotal	3,807,598	2.8
Economic adjustment assistance development grants	2,530,292	1.9
Economic adjustment assistance implementation grants	18,421,850	13.7
Economic adjustment subtotal	20,952,142	15.6
Total	\$134,362,503	100.0

Except for one grant of \$2,000 to an economic development district, all of the FY 1975 (301.[b]) planning grants were made under the EDA Indian program. Funds appropriated and obligated in FY 1974 provided support to the ongoing economic development district and redevelopment area planning grant program (301[b]) for activity throughout FY 1975; such funds amounted to approximately \$7 million. The grants made in FY 1975 for support of the Circular A-95 Project Notification and Review System and for provision of professional services to local community development were made to economic development districts.

The title IX economic adjustment program permits EDA to assist places with existing or potentially severe unemployment problems. Such economic adjustment activities may include public facilities, public services, business development, planning, unemployment compensation, rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals, and other appropriate assistance. Title IX projects may include combinations of purposes which have different effects on job creation. Economic adjustment assistance development grants are for planning purposes. Economic adjustment assistance implementation grants are for any of the rest of the authorized purposes that are in an approved plan for economic adjustment.

Jobs Created

Grants for economic adjustment assistance and for A-95 review or professional services were first made late in FY 1975, so no overall indicators of effectiveness have yet been developed for these programs. The EDA planning program supports three to five employees in each of 143 economic development districts. The business development loan program, because it deals directly with the long-term employing unit, has the best data on jobs saved and new jobs created. The business development loan program in FY 1975 was responsible for saving 824 existing direct jobs that were in jeopardy and for creating 1,018 projected new direct jobs in nonmetro areas.

In 1970, a number of EDA public works projects were evaluated, all of which had been completed at least a year. During 1974, a sample of 50 of these previously evaluated projects were resurveyed in order to assess the impacts resulting from public works projects over a long-term period. The report of this 1974 survey 20/ determined that the EDA public works program average cost, in the projects surveyed, per direct job was \$2,380. If that average cost per direct job is an appropriate measure of the current cost and if it were applied to the FY 1975 public works obligations of \$99,143,482 in nonmetro areas, it would yield, in the long run, an estimated 41,656 new direct jobs.

EDA technical assistance facilitates near-term public and private investment which creates or saves jobs. It does this by furnishing technical information or specialized staff support. One technical assistance activity that operates in nonmetro areas is the university center program. During fiscal years 1971, 1973, and 1974, this program created, saved, or potentially created 49,940 jobs and supported a capital investment of \$128.9 million. This was accomplished with an EDA technical assistance investment of \$2,513,000. The ratio is one job for every \$50 of technical assistance spent in the university center program, and \$50 capital investment per technical assistance dollar spent in the university center program.

20/ A Comparative Analysis of the Impacts Resulting from 50 Public Works Projects, 1970, 1974, Econ. Develop. Admin., U.S. Dept. Commerce, Dec. 1974.

Table 2 indicates EDA nonmetro obligations by a set of 10 different categories of purposes for which the funds were to be used. Projects involving either water systems or sewer systems, or both, accounted for 42.0 percent of EDA FY 1975 assistance. The "other" category, which amounts to 28.7 percent of EDA assistance, is comprised of title IX economic adjustment assistance (13.2 percent to nonmetro counties); business development loans (4.1 percent); and other projects not classified (11.4 percent). The other projects not classified include public works impact program projects for construction of public buildings, and feasibility studies for resource and facility utilization among other miscellaneous projects. Five combined categories of education, environment, health, recreation, and transportation account for only 11.8 percent of EDA assistance to nonmetro counties.

Table 2--EDA nonmetro county project obligations by functional purpose, FY 1975

Purpose	Nonmetro amount	Percentage distribution
Education	\$ 2,825,540	2.1
Environment	125,997	0.1
Health	889,600	0.7
Industrial/commercial buildings	16,992,227	12.7
Planning	6,290,355	4.7
Recreation	3,443,268	2.6
Sewer systems	5,721,260	4.3
Water systems	38,178,260	28.4
Water and sewer combined projects	12,886,400	9.6
(All water and sewer)	(56,785,920)	(42.3)
Transportation	8,496,650	6.3
Other	38,178,260	28.7
(Title IX implementation)	(17,671,850)	(13.2)
(Business development loans)	(5,555,175)	(4.1)
(Other not classified)	(15,285,921)	(11.4)
Total	\$134,362,503	100.2

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The Appalachian Regional Commission (ARC) indicates for purposes of this report that the state of the art of evaluation is not sufficiently developed to permit isolation of the Commission's impact on total regional employment from that of other public and private investments. However, ARC has estimated the direct jobs resulting from its FY 1974 approved projects, which included funds from other sources in addition to the Commission (table 3).

Table 3--Estimated direct jobs from ARC projects approved in FY 1974

Program	ARC funds	Total cost	Direct jobs
	---Million dollars---		Number
201 Development highways	158.0	276.3	10,997
201 Access roads	7.1	10.2	406
202 Health construction	3.3	14.9	613
202 Health operating	47.3	90.7	9,931
205 Mine area restoration	4.6	6.1	227
211 Vocational educational construction	28.9	62.2	2,282
211 Vocational operating	4.7	6.8	340
214 Other construction	27.0	152.7	6,133
302 Local development districts	3.9	<u>1/</u> 7.0	507
Total	284.8	626.9	31,436

1/ Estimate.

The estimate in table 3 is derived as follows: In FY 1974, ARC approved nearly \$285 million in grant assistance, which, with other funds (Federal, State, and local), resulted in a total program of nearly \$627 million. These funds are estimated to have resulted in over 31,400 direct jobs. They include approximately 20,650 jobs to construct facilities, and nearly 10,800 jobs required for those operating projects which are funded by the Commission.

The following data are presented as indications of Appalachia's employment situation and the income and population trends that are related to this.

*During 1973, the most recent year for which data are available, Appalachian unemployment averaged 4.5 percent of the available labor force. This compares favorably with the national average of 4.9 percent.

*Major industrial groups employment 21/ in Appalachia rose by 26 percent over 1965-74, compared with the national average of 28 percent.

*Although Appalachia's growth is below the national average, it is significant that the Region's economy appears to be expanding into a variety of new industrial activities as well as experiencing growth in its traditional industrial base. The major sources of growth from 1965 to 1973 were manufacturing (248,700 job increase); the trade industries (288,300 job increase); and the finance, insurance, real estate, and service industries (309,500 job increase).

21/ Excludes government employees, the self-employed, farmworkers, domestic service workers, railroad employees, and employment on ocean-borne vessels.

*Continued growth in employment and higher incomes in the Region seem assured over the next 10 years. A recent study conducted for the ARC and the President's Council on Environmental Quality predicted, "substantial growth over the next 25 years is inevitable for the energy industry in Appalachia--especially the coal industry. The growth will occur under any supply, demand and price conditions in the energy field that seem in any way feasible."

*From 1970 to April 1975, Appalachia's population grew by more than three-quarters of a million. The single great factor in the acceleration of population growth in the 1970's, as contrasted with the 1960's, has been the reversal from net outmigration to net immigration.

*The level of per capita personal income in nearly all Appalachia counties remains well below the U.S. average but rose more rapidly (24 percent) than in the Nation as a whole (21 percent) during 1969-72, the most recent period for which data are available. The Appalachia per capita income level rose from 80.3 percent to 81.9 percent of the national average over the 3-year period.

ARC FY 1975 program activities are discussed under Housing and Community Services and Facilities.

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The need for economic development of poor communities is addressed in title VII of the Community Services Administration's (CSA) legislation, where funds are authorized for community-based self-help programs to achieve permanent economic and social benefits. Under this authority, CSA has developed the concept of the Community Development Corporation (CDC) through which low-income communities plan and initiate economic activities and employment opportunities, and also sponsor facilities and human resource services to improve the quality of life in the community. The entire community is represented in the process of developing CDC goals. As nonprofit organizations, CDC's attempt to develop essential infrastructure for economic growth and undertake diverse for-profit ventures ranging from manufacturing--toys, metal products, blue jeans, furniture, and canoes are some of the products--to shopping centers, franchises for motels and fast food service, housing projects, aquaculture, and farm and fishing cooperatives.

In addition to receiving Federal funds, CDC's have sought support from many institutions including foundations and churches, and have used the funds as equity to raise capital from the private market. They also receive technical assistance from agencies such as the Small Business Administration, the Office of Minority Business Enterprise, the Economic Development Administration, and the Farmers Home Administration.

Under title VII, CSA has 26 rural ^{22/} grantees, not all of which are funded each year. In FY 1975, the level of support for rural title VII

^{22/} A rural county as defined by CSA is (1) a county with more than 50.0 percent of its population living in places with less than 2,500 population or (2) a county that has less than 50.1 percent of its population living in these size places but no political subdivision of more than 10,000 population.

activities--\$21.8 million--for the first time exceeded the urban funding level. Some \$18.1 million was granted for 17 rural CDC's; 7 planning grants were made for \$950,000; and 2 associations of agricultural cooperatives received \$2.8 million. One planning grant was to the government of Zapala County, Tex., to assist county residents to develop a CDC. In addition to receiving grants, rural title VII grantees benefited from a share of the \$2 million expended in general support funds for both urban and rural programs.

In FY 1975, 16 CDC's created 1,676 direct jobs in rural areas--211 persons employed by CDC organizations, and 1,465 employed by 102 CDC economic ventures. The number of ventures identified excludes real estate ventures for industrial parks or similar business purposes.

The major vehicle of CSA policy and implementation in rural areas is the Community Action Agency (CAA), through which the process of broad-based community action develops. There are 440 CAA's in rural America, most of them multicounty in scope. In FY 1975, they received \$87 million of CSA funding for local initiative programs.

A major function of the CAA is to coordinate with appropriate community agencies and to mobilize local and other resources to achieve an impact on local poverty problems. The typical CAA conducts outreach and a number of interrelated service programs to meet the needs of families in poverty.

Community Action Agencies conduct a number of services to improve employment opportunities for low-income residents. Economic ventures developed by CAA's include cooperatives and a wide range of small businesses through which low-income people can gain employment and improved income.

Handcraft cooperatives have consistently been advocated by CSA as an economic tool for the rural poor. Regional and State CSA offices and CAA's provide support to some 200 craft cooperatives and associations through funding or technical assistance. During 1976, CSA is using the opportunity of Bicentennial interest in American crafts to help craft groups expand their markets through overseas sales and participation in craft centers associated with the celebration year in Washington.

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In FY 1975, 10,000 youths were gainfully employed in the Youth Conservation Corps, accomplishing conservation work valued at \$10.4 million. The Department of Agriculture (Forest Service) and the Department of the Interior administer the program on Federal lands and jointly administer the State cost-sharing part of the program. The purpose of the program is threefold: (1) to accomplish needed work on public lands; (2) to provide gainful employment for males and females aged 15 through 18 from all social, economic, ethnic, and racial backgrounds; and (3) to develop an understanding and appreciation in participating youths of the Nation's natural environment and heritage.

Under an agreement with the Department of Labor, 17 Job Corps Civilian Conservation Centers are being managed by the Forest Service. At any one time, these year-round centers provide vocational skills training for 3,350 enrollees 16 through 21 years of age. During FY 1974, over 7,200 Corps enrollees were available for placement and a total of 6,800 were placed on a job, returned to school, or joined the armed forces. In the process of training the enrollees, over \$4.7 million worth of work was accomplished on Federal lands.

In FY 1974, the Forest Service served as host to 8,800 enrollees in a variety of cooperative manpower programs funded by the Departments of Labor and Health, Education, and Welfare, including Neighborhood Youth Corps, Operation Mainstream, Work Incentive Program, and College Work Study. About \$8.3 million in appraised value of conservation work was accomplished by these enrollees.

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Positive employment effects on rural areas were derived from the Environmental Protection Agency's construction grants program (discussed in more detail on page 94). Table 4 shows the estimated direct and indirect employment increase associated with FY 1975 obligations. The table does not reflect the total increase in employment due to the construction grants program because it does not include jobs generated by prior obligations.

Table 4--Estimated employment impacts of EPA waste treatment works grants, FY 1975

Community size	:	Estimated employment increase		
		Direct	: Indirect	: Total
	:			
	:			
Less than 2,500	:	3,340	3,340	6,680
Less than 5,000	:	5,360	5,360	10,720
Less than 10,000	:	9,400	9,400	18,800
Less than 25,000	:	17,460	17,460	34,920
Less than 50,000	:	24,860	24,860	49,720
All communities	:	67,180	67,180	134,360
	:			

The employment impact estimates in table 4 are based on Bureau of Labor Statistics data that show that each billion dollars spent for sewage treatment facilities generates approximately 20,000 on-site, year-long jobs and a comparable number of off-site jobs.

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A total of \$4.6 billion in Federal-aid highway funds was obligated in rural areas 23/ during FY 1975, creating an estimated 330,000 direct and indirect jobs.

23/ Rural areas here are defined as all areas that have a population of 5,000 or less and are outside a Census Bureau-designated urbanized area.

The Federal Highway Administration reports that about half of these are direct jobs on construction sites and half are in industries supplying equipment and materials for projects.

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The Department of Agriculture's Rural Electrification Administration, through its financial assistance to rural electric and telephone systems (discussed in more detail on p. 100) benefits rural employment in several ways. First, the number of persons employed by REA-financed electric and telephone systems increased from a total of 59,315 in CY 1973 to 63,745 in CY 1974. Second, REA loan funds in FY 1975 generated an estimated 130,000 direct manyears of construction employment. Finally, the most recent survey of community development activities revealed that over 39,000 new indirect and direct jobs resulted from assistance provided to local projects by REA-financed systems during CY 1974.

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In the Department of Labor, funds for the block grant programs under the Comprehensive Employment and Training Act (CETA) are allocated under statutory provisions which do not make possible the development of similar data on any precise nonmetro/metro, rural/urban, basis. Under CETA, funds for training and employment services are allocated to units or combinations of units of local government able to qualify as prime sponsors under certain minimum population requirements. Balance-of-State areas not served by other prime sponsors are provided manpower services by the State government as prime sponsor. Under this system prime sponsor areas may include both types of counties. It is not possible to disaggregate funds and participants between metro and nonmetro areas. However, as a general rule, most metro counties are included within city, county, or local government consortium prime sponsor areas and most nonmetro counties are included in balance-of-State prime sponsors. The latter account for about 30 percent of the allocations under the basic manpower legislation and may provide a crude measure of services to nonmetro areas. In FY 1975, over \$800 million was allocated to these largely nonmetro areas under Titles I, II, and VI of CETA. In addition, special allocations of over \$14 million were made to four rural-concentrated employment programs that were in existence prior to enactment of CETA and were continued as provided for by the Act.

Under CETA, grants for manpower training services are allocated by various formulas based on factors specified in the law which ensure that all areas of a State have access to the available resources on an equitable basis. In contrast, under the preceding categorical grant system, many of the separate programs were designed primarily for urban problems, and the distribution of funds reflected this fact. The criteria for resource allocations varied between categorical programs and sometimes favored urban areas over rural communities.

A second advantage for rural areas under CETA is the degree of flexibility permitted in designing and operating programs under the grant system. Generally, categorical programs were single purpose undertakings such as institutional training, each with its own administrative and operating requirements. The effect of this compartmentalization was to sometimes hinder participation by

smaller communities because the number of trainees in any one approach was insufficient to justify the administrative costs involved. Under the grant system smaller communities are able to combine a variety of approaches under one program and one administrative unit. The effect of these funding and administrative changes under CETA has been to enhance the capability of State and local governments to deal with rural problems. In addition to increased resources and flexibility, prime sponsors now have greater ability to integrate manpower programs with other rural development efforts.

In addition to grants for general manpower training services, CETA also provides for temporary subsidized public service employment (PSE). Authorized for most major programs under the Act, Titles II and VI provide the principal sources of funds for public employment. These funds are also distributed on a formula basis which ensures that rural areas receive an equitable share of available resources.

In FY 1975, almost \$1.3 billion was allocated for PSE programs. The Economic Research Service (USDA) is currently analyzing available data on PSE fund allocations to rural areas. Comparisons will be made between statutory provisions, regulations, procedures, and allocation distribution for Titles II and VI of CETA, as well as for the expired Emergency Employment Act of 1971, to determine what improvements and changes have been made in extending PSE program benefits and funds to rural areas.

Title III of CETA provides for continued Federal efforts in several areas that the Congress has determined require national direction. Two of the major programs under this title that are primarily rural are the migrant/seasonal farmworker program and the Indian manpower program. These and several other federally directed manpower programs are described below.

The Migrant/Seasonal Farmworker Program provides manpower training and a wide range of support services including child care, housing assistance, economic development efforts, and emergency support services. In FY 1975, an estimated 15,000 persons received services under the 70 grants and contracts supported by the migrant program.

Under CETA, funding for migrants and seasonal farmworkers has increased substantially and has been incorporated in the legislation as a continuing program with specified funding levels. (The Act provides a specific set-aside for the program equal to 5 percent of the allocations made to sponsors under Title I.) From a level of \$36 million under preceding legislation, funding for the migrant program increased to \$40 million in FY 1974 and \$63 million in FY 1975 under CETA.

In October 1975, \$4.9 million in Title III grants was awarded to 17 colleges and universities to educate migrant and seasonal farmworkers or their dependents under the High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP). Participants in HEP reside at colleges and universities while being helped to pass the General Education Development (GED) test. The GED high school equivalency diploma qualifies them for further education, on-the-job training, or a job. CAMP operates with universities and colleges to provide tuition assistance, tutoring, and counseling for migrant and seasonal farmworkers and their dependents. To qualify for either program, trainees must meet Federal income poverty guidelines.

Under the Indian Manpower Program, direct grants are made to Indian tribes and organizations to support manpower training and a variety of support services such as child care, transportation, and related activities. An estimated 75 percent of Indian program funds are directed to rural areas. In FY 1975, over \$50 million was made available under Title III for these programs, a three-fold increase in the level for Indian programs under the categorical system. As with the migrant program, the funding level for the Indian effort is established in the CETA legislation as the equivalent of a fixed percentage of resources made available to State and local areas under Title I.

The CETA also makes special provision for temporary public service jobs on Indian reservations. Under Title II and the recently enacted Title VI, \$13 million was made available in FY 1975 to support Indian public service employment on 215 reservations.

It should be noted that CETA services to Indians are not restricted to services funded directly with Indian grantees under Title II and III of the Act. Since Indians are included in the data base used to determine Title I allocations, Title I prime sponsors have the same obligation to provide services to eligible Indians who reside within their jurisdictions as they have to all other significant segments of the population.

The Job Corps provides residential training for severely disadvantaged youth. About 14 percent of the 45,000 young people enrolled annually come from towns of under 2,500 population. Of the 60 Job Corps training centers, 27 are Civilian Conservation Centers located in rural areas, where as part of the training, Corps members carry out extensive work on recreational and conservation projects. Over the 10 years of Job Corps existence, CCC trainees have completed projects valued at over \$100 million. About 25 percent of the total enrollees in the Job Corps are located at CCC's at an estimated annual cost of \$45 million.

Two Older Worker programs provide part-time job opportunities for unemployed low-income persons with poor employment prospects. More than 21,800 economically disadvantaged persons 55 and older were served in FY 1975 at a cost of \$34.8 million. About half of these people were residents of rural areas in both nonmetro and metro counties. Among the places or types of activities participants worked in were day care centers, senior citizen centers, nutrition programs for the elderly, home-health care projects, hospitals, schools, and conservation and restoration projects, many of which were in national forests.

Participants received such services as physical examinations, personal and job-related counseling, consumer information, job training, and referral and placement into unsubsidized jobs. Wages average approximately \$2.25 an hour.

In FY 1975, the United States Employment Service local offices placed 890,000 rural residents and 2.2 million urban residents ^{24/} in jobs. Thus, rural residents made up 29 percent of the 3.1 million individuals placed during the year.

^{24/} Applicants living in the urbanized area of an SMSA or in a place of 10,000 or more population outside the urbanized area of an SMSA.

The Employment Service, through the affiliated State employment security agencies, is responsible for a wide range of other manpower services for rural residents in addition to job placement services. However, because both the rural population and rural employment opportunities are generally dispersed over wide areas, the delivery of adequate and effective services to rural areas has been a problem of long standing. To overcome these barriers, a number of special programs have been initiated to develop techniques and approaches to better serve rural communities. One such program is the Concerted Services in Training and Education (CSTE), which is a cooperative effort of several Federal agencies and State and local governments to deliver training and education to rural residents. During FY 1975, there were 17 CSTE projects operating in 13 States. Another developmental program is Operation Hitchhike. This program delivers manpower services in sparsely settled areas by using existing rural institutions such as county Extension services, local welfare agencies, and farm organizations. In FY 1975, there were 18 Hitchhike projects operating in 17 States. In general, as these special approaches are developed and proven effective, they are adopted by the State employment security agencies as part of their regular operations.

The Department of Labor has initiated a major effort to improve and expand service to migrants and seasonal farmworkers. The goal is to make services available that are qualitatively equivalent and quantitatively proportional to those provided nonfarmworkers. This effort is being carried out by special staffs established to review the adequacy of present services and to monitor a concentrated program aimed at improvement of these services.

A key part of this effort is to improve the quality and quantity of job information available to rural areas. To this end, 43 States now have job banks which provide listings of jobs throughout the State. These listings are available to organizations and institutions such as libraries and other facilities that are readily accessible to rural residents. Other aspects of this special effort will concentrate on assuring that migrants and seasonal farmworkers using the State employment service agencies are properly treated in accordance with the special Federal and State laws designed to protect workers in agriculture. Finally, the procedures and structure of State employment security agencies serving these groups are being surveyed for the elimination of any inequities.

A Special Assistant for Rural Affairs, filling a new position in the Office of the Under Secretary of Labor, will coordinate all rural and farmworker activities of the Department, a step that should further these and other efforts to improve manpower and employment services to rural residents.

The U.S. Employment Service and its affiliated State employment security agencies also has responsibility for certifying that loans made under the Rural Development Act of 1972 will not have an adverse impact on employment or existing enterprises in the area for which the loan is being sought. In FY 1975, the Employment Service processed 843 loan requests and approved 711. Of the remainder, 2 were denied and 130 were withdrawn by the applicants.

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Generation of new civilian jobs to replace lost defense-related jobs has been an important activity of 19 Federal departments and agencies working together as members of the President's Economic Adjustment Committee (EAC). The EAC, chaired by the Secretary of Defense, was created in 1970 to help communities and individuals adversely affected by military base closures, defense contract cancellations, or large-scale personnel reductions. The EAC provides this assistance by working with local leaders and State officials in assessing economic problems and opportunities and devising a development strategy designed to meet the specific needs of the community. The Committee participates as an active partner until the adverse impact on the community has been alleviated.

Because the greatest potential for new employment exists in the private sector, the EAC attempts to focus Federal resources on those programs which will attract maximum private sector investment. The exact manner in which this is accomplished necessarily varies from project to project, but there generally is a 3-year lag between the announcement of a Defense action realignment and the completion of the job replacement program.

Typical EAC projects involve the conversion of excess Defense property to civilian use. Where there is no re-use component, the basic thrust is to help the community attract new industry and other economic activity to the affected area, using available private property. Generally, the source of Federal funding for economic adjustment projects follows normal departmental funding lines, except that the projects are given priority consideration by agencies participating on or with the Committee.

Information about EAC community assistance is maintained on a project basis. While data are available to indicate progress during the life of a project, the information is not sufficiently detailed to provide statistical summaries of new jobs generated on a fiscal year basis. Several months to more than a year may be devoted to project organization, planning, and other related actions to achieve necessary agreement on nature, scope, and extent of effort. While some new jobs may be generated through early individual actions, the most significant results normally are achieved through coordinated local, State, Federal, and private sector efforts prescribed in project plans.

On major projects undertaken since 1970, EAC has achieved better than a one-to-one replacement ratio over a 3-year period. In addition, on projects where Civil Service employees are affected, the Department of Defense Priority Placement Program has achieved a 62-percent placement rate whereby the affected employee finds employment elsewhere in government. Of the remaining 38 percent, 23 percent have chosen to retire or resign, with only 15 percent being separated from government service involuntarily.

In 1975, EAC was actively involved in 70 projects, of which 23, or approximately one-third, were in nonmetro communities. These 23 communities received financial assistance from Federal agency EAC members totaling \$24.6 million. Of this amount, \$10 million went for economic development; \$8 million for water and sewer facilities; \$1.9 million for health facilities and services; \$1.8 million for public municipal projects such as parks and downtown revitalization projects; \$.5 million for planning; and \$.3 million for education. It should be noted that all communities would not necessarily receive funds in each category of assistance and also, the relative distribution of funds in each category of

assistance changes for individual communities as they progress through the economic adjustment process. The proportion of total funds expended for various types of aid is also subject to change, although economic development (business and industrial development for job creation) can be expected to remain the largest.

Examples of EAC project results partly achieved in FY 1975 in nonmetro communities include the following: In Mineral Wells, Tex., over 1,200 military and civilian jobs were lost as the result of the closure of an Air Base in April 1973. By August 1975, the community had achieved over 1,400 replacement jobs with EAC assistance. Burlington, Iowa, lost 1,100 jobs because of cutbacks in defense contracting made in November 1973. By August 1975, approximately 1,150 replacement jobs had been created. In Brunswick, Ga., 339 permanent jobs were lost as a result of a realignment action announced by the Navy in November 1974. With EAC assistance, the National Law Enforcement School has located in the facilities formerly occupied by the Navy. This school has brought 500 new permanent jobs and 8,700 students to the area.

In FY 1974, EAC began to focus Federal attention and assistance on the effects of the Department of Defense decision to construct a large Naval installation in rural Kitsap County, Wash. The construction of the Trident submarine base is currently employing approximately 3,000 people. By 1978, the completed installation will have 15,000 permanent employees. The total impact is expected to result in a 25-percent increase in the county's population. The EAC has been given full responsibility for coordinating Federal assistance to Kitsap County. The objective of this assistance is to develop the public facilities and services necessary to support this massive influx of population into a rural area.

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High unemployment rates, underemployment, and low incomes among the Indian population on or near reservations are addressed by the Bureau of Indian Affairs Tribal Resources Development Programs and other programs to improve Indians' employment opportunities and incomes from ownership of or employment in business enterprises on or near reservations. ^{25/} The need for such programs can be seen in the following employment and income data.

^{25/} See p. 50 for discussion of the Department of Labor's Indian Manpower program.

<u>Employment</u>	<u>Unit</u>	<u>CY 1974</u>
Indians on or near reservations:		
Earning less than \$5,000 per year	Number	54,750
Earning \$5,000 per year or more	Number	<u>42,650</u>
Total employed	Number	97,400

Unemployment

Indians on or near reservations	Number	62,200
Unemployment rate:		
All unemployed	Percent	39.0
Excluding those not actively seeking work	Percent	22.6

Average per capita income

Indians on or near reservations	Dollars	1,445
U.S. population	Dollars	4,565

Indian population on or adjacent to reservations

Under 16 years old	Number	229,900
16 years old and over	Number	<u>352,650</u>
Total	Number	582,550

Tribal Resources Development Programs

Assistance in supporting the employment base of Indian reservations and in generating income opportunities for their inhabitants is provided through a variety of Tribal Resources Development Programs of which the Business Enterprise Development, Credit and Financing, and Job Placement and Training programs are the most contributory.

The objective of the Business Enterprise Development Program is to help Indians increase their level of employment and income in their home communities through the establishment and/or expansion of business enterprises on or near reservations. Indian ownership, entrepreneurship, and management is emphasized in this objective.

The Credit and Financial Assistance Program assists federally recognized Indian tribes and other organizations and individual Indians in obtaining financing needed to develop and utilize their own resources in order to improve economic conditions on Indian reservations. If the needed financing is not available from the traditional credit sources serving the general public, it is provided, to

the extent that resources permit, through BIA programs of direct revolving loan funds, guaranteed or insured loans from commercial lenders, and non-reimbursable business development grants.

The Job Placement and Training Program is designed to reduce the persistent high rates of unemployment and underemployment on reservations, as well as to expand employment opportunities for all Indians desiring to pursue the option of developing a full life in American society at large. The program's primary activities are: direct placement aimed at aiding Indians with skills to find suitable employment; on-the-job training (OJT) designed to assist industry to train Indian employees in needed skills and to locate them on or near reservations; and adult vocational training (AVT), intended to assist Indian individuals in obtaining vocational skills to enable them to compete for a job on an equal basis with all other citizens.

The following tabulation indicates the progress attained in the foregoing program areas during FY 1971-FY 1975:

<u>Effects</u>	<u>Unit</u>	<u>FY</u> <u>1971</u>	<u>FY</u> <u>1972</u>	<u>FY</u> <u>1973</u>	<u>FY</u> <u>1974</u>	<u>FY</u> <u>1975</u> <u>1/</u>
Employment, total <u>2/</u>	Man- years	14,116	16,402	16,936	17,950	16,400
Indian employment.....	Man- years	6,482	7,339	7,466	7,980	7,400
Indian payroll.....	Mil. dol.	25.6	28.8	29.8	39.9	38.5
Business enterprises estab- lished or expanded.....	No.	198	228	245	270	295
New BIA-supervised loans assisted.....	No.	2,852	3,729	5,008	6,140	5,751
Value of new BIA loans assisted.....	Mil. dol.	8.9	9.7	11.8	13.3	17.9
Direct job placements.....	No.	5,197	6,378	6,130	6,590	6,948
AVT trainees served.....	No.	4,745	4,802	4,937	4,939	5,833
OJT trainees served.....	No.	779	919	1,415	1,504	3,007

1/ Estimated.

2/ Employment in industrial and commercial enterprises established in Indian labor market areas with the assistance of the Bureau.

Indian Financing Act Business Grants

The creation of job and income opportunities has been further stimulated by the passage of the Indian Financing Act of 1974. The Act's purpose is to provide readily available sources of equity capital to Indian individuals, tribes, and organizations to establish or expand Indian-owned enterprises. These enterprises are to benefit Indian reservations and communities by providing job opportunities, and contribute toward development of trade and commerce in Indian-owned areas. For FY 1975, \$10 million was appropriated for grants under the Act, with the following estimated results:

<u>Purpose</u>	<u>No. grants</u>	<u>Amount (millions)</u>	<u>Other financing generated (millions)</u>	<u>Direct jobs created or sustained</u>	<u>Payroll generated (millions)</u>
New businesses	270	\$4.5	\$16.5	1,130	\$6.2
Acquired businesses	54	1.5	2.7	240	1.2
Expanded businesses	267	4.0	12.8	1,850	8.1
Total	591	\$10.0	\$32.0	3,220	\$15.5

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USDA's Agricultural Research Service (ARS), through its Agribusiness Unit, advanced the rural development employment goal in FY 1975 through cooperation with Federal agencies within and outside the Department in meeting employment losses due to military base closings in rural areas of the United States. This effort and other rural development activities have benefited from ARS processing, marketing, and transportation research that has stimulated the adoption of new technologies applicable to industry and commerce.

Examples of employment-related results of ARS work include the following: Commercialization of ARS-developed Wurset finish to give dimensional stability to wool during laundering, drycleaning, and wear was achieved through a recent year-long plant demonstration on over 300,000 yards of wool fabrics. The demonstration continued directly into full commercialization, adding thousands of dollars to the value of domestic wool products.

Commercial demonstration of a new type processing plant (based primarily on ARS development work) that can efficiently produce sorghum and/or maple syrup has been completed, and will lead to establishment of syrup plants in rural areas of Virginia, West Virginia, Pennsylvania, Kentucky, Wisconsin, Ohio, and Arizona. The plants, which will produce 5,000 to 50,000 gallons of syrup annually, represent additional sources of sweetener products that will help alleviate shortages in this essential market and also give employment to a number of rural people.

Results of ARS activities in the subtropical area of Texas were a major factor in establishing a new sugar industry in the Rio Grande Valley of Texas.

Technical assistance was also given fruit and vegetable production, marketing and processing, and livestock and cattle industries in the area.

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Under the USDA-State Cooperative Extension Service, a major focus of Extension work in the employment goal is on upgrading skills and improving income levels, as well as improving opportunity for skilled and semiskilled labor in agriculture, manufacturing, and the service industries in rural areas. In FY 1975, manpower programs undertaken by Extension included such categories as (1) surveys of manpower and employment needs; (2) advising and assisting local officials in the preparation of manpower development plans and programs under the Comprehensive Employment and Training Act; (3) the direct employment of paraprofessional program aides under the Public Service Employment program of CETA; and (4) small farm and small business management training. Extension also participated in multiagency rural manpower demonstration projects in several States.

In addition, special Extension training efforts in building successful rural industrial development programs contributed to the expansion of the economic base of smaller communities, thus enabling more rural people to find gainful employment and to accommodate the increasing numbers of people returning or migrating to rural areas.

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In FY 1975, USDA's Cooperative State Research Service (CSRS) and the State Agricultural Experiment Stations continued a program of employment/income research through 311 projects entailing 115 scientific manyears of research work. Primary emphasis in the research on employment and income is being placed on the factors of economic growth and the consequences of growth for individuals and communities. Models for estimating public and private costs of different types of development have been devised and are being used in various States. One such model developed in Oklahoma is being used in Indiana to compare outcomes as income and employment multipliers change. Relative comparative advantages (potential) for growth in Indiana, for example, and in most other States, are being analyzed, to identify locally controlled factors that could improve a community's or area's relative comparative advantage and thus increase the probability of expanding employment and improving per capita income.

Another area receiving major emphasis is the analysis of the impact of factors external to the community on growth and development, especially State and Federal policies and expenditures.

Social impacts of growth are being identified, including the distribution of costs and benefits. For example, it has been found that rural industrialization does not necessarily solve the employment problems of communities, and tends to highlight the need to upgrade the skills of the local work force and to obtain various forms of public employment to assist those who are not employable in the private sector.

In several States there has been a research emphasis on the optimum mix of economic activities for a multicounty area. Research at the Iowa Station has been concerned with developing a planning model for five northeast Iowa counties in terms of a product mix for the region (farming, recreation, retail trade, manufacturing, personal services, education, public services) and the allocation of investment (in land improvement, developing recreation services for tourism, education, and public services) which would be optimum for the total community relative to level and distribution of income.

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In FY 1975, the Economic Research Service completed a rural labor force benchmark study with urban comparisons to determine relative differences in manpower resources and utilization. The study uses county data for 1970, and the county comparisons are based on age, race, sex, education, occupation structure, industrial status, and per capita income. This analysis provides a comprehensive inventory of the quantity, quality and worker characteristics of the rural labor force and provides more detailed rural manpower information than has been available. The results of the study will be published in a separate volume for each State.

This information should be useful to plant locators, potential investors, and others concerned with employment and development in rural America. Such groups often lack adequate information concerning the local labor force. Administrators will be able to use this information for both national manpower development programs and local manpower programs authorized by the 1973 Comprehensive Employment and Training Act.

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Additional USDA nonmonetary assistance extended at the Federal, State, and local level to improve rural employment opportunities is detailed in the Sixth Annual Report of the Secretary of Agriculture on Information and Technical Assistance Delivered by the Department of Agriculture in Fiscal Year 1975. Sections of the report covering manpower development, recreation and tourism, business and industrial development, and rural cooperatives document employment-related efforts of USDA-State rural development committees. 26/

26/ Copies of the report are available from the Rural Development Service, U.S. Department of Agriculture, Wash., D.C. 20250.

Income

The following section discusses Federal programs that help improve rural residents' incomes from employment; farm income protection programs; research and educational efforts related to rural income improvement; and income maintenance programs.

Quantifiable income effects of job-creating program expenditures were not available from the departments and agencies supplying data for this report. However, the following brief analysis relating to Environmental Protection Agency construction grants might serve as an indication of the level of incomes earned by people employed not only by EPA-funded projects but also by water and sewer projects financed by the Farmers Home Administration and the Economic Development Administration. With respect to EPA, nearly two-thirds of the direct workers employed by wastewater treatment works construction projects are highly skilled tradesmen, including bricklayers, electricians, operating engineers, and plumbers.

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In FY 1975, the Farmer Cooperative Service (FCS), USDA, provided a wide range of organizational, economic feasibility, and business operations advisory service to promote the development of cooperatives, a form of business recognized as an important way of increasing family income and quality of living in rural areas. For example, the agency continued its technical assistance support to the Missouri Peach Growers Exchange, formed by 17 peach growers in southeastern Missouri who created a packing and storage facility costing about \$673,000.

The growers have 1,643 acres in peach orchards, with 55 percent of the trees not yet mature enough to bear fruit. Based on FCS and other educational guidance, the growers planted peach tree varieties that mature earlier than traditional varieties as a means of capturing the more lucrative early markets and spreading the shipping season. Gross sales of peaches averaged \$450,000 annually during 1970-75.

Improved incomes are resulting from the substantial savings that come from buying supplies and marketing products cooperatively, and the Exchange is also benefiting rural employment, to the extent that 70 additional people were employed in the grading, packing, and shipping operations of the growers after they formed the co-op.

Additional cooperative efforts supported by FCS in FY 1975 are described below:

The Treasure Coast Fisheries Cooperative, Fort Pierce, Fla., with a membership of about 100, was provided technical assistance and aid in securing financing. In the first month of business, the co-op paid fishermen more than \$50,000 for their catches. In the first year, the cooperative sold more than 900,000 pounds of fish for more than \$400,000. Prices to the fishermen have increased by as much as 60 percent, although the wholesale value of the catches is about the same as in 1973. The difference is that much of the middleman margin has been eliminated.

Sound and Sea Fishermen's Association, Manteo, N.C., with 260 boat operators, became a viable cooperative in FY 1975, after beginning operations in July 1974. The gross income for 1975 was about \$700,000. The major impact of the co-op on the members and the community has been to upgrade marketing conditions and pricing and to increase financial returns to fishermen in a 10-county area of North Carolina.

The Craft Professionals of Vermont were given technical assistance by FCS in organizing a statewide association of crafts people. Its purposes are to speak for the professional crafts people of Vermont; to promote crafts; to encourage professional marketing of and sales of crafts; and to encourage education and training in the area of crafts. The first annual trade exposition and sale, held in April 1975, resulted in sales of more than \$70,000 for 89 participating crafts people. Other activities of the organization include a group health and major medical insurance program offering coverage at rates affordable by crafts people and the development of a supply purchasing program with potential for considerable savings in the purchase price of supplies needed in craft production.

During FY 1975, some of the Indian reservations in the Sonoran Desert were assisted in their efforts to produce Jojoba berries or products and to market them on a commercial scale. (The Jojoba berries' liquid wax is a replacement for sperm whale oil, which can no longer be used because the source is an endangered specie and legislation prohibits the importation of the oil. The berries contain a 48-52 percent liquid that in some respects is superior to whale oil and that has many commercial uses.) Two cooperatives have now been organized--the San Carlos Apache Jojoba Marketing Association (Ariz.) and the Southern California Indian Jojoba Association (Escondido, Calif.). Using liquid wax from the wild berries, the Apache Indians are now making candles for sale; the California Indians are now planting plantations of Jojoba in order to have domestic production 5 years hence. Some \$1.4 million in financial assistance has been provided by the Office of Native American Programs, HEW, to the two co-ops, and both co-ops are now making technical assistance contracts with the University of Arizona, University of California-Riverside, and the National Academy of Sciences so that these institutions can assist them in the long-range economic development of Jojoba.

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The Employment section of this chapter presented a discussion of Bureau of Indian Affairs programs specifically designed to improve Indian employment, entrepreneurial, and income opportunities through business development and job training programs. Briefly discussed below are BIA-supervised activities that provide substantial income benefits to Indians through efforts to develop and utilize Indian land and other natural resources, including agricultural resources.

Surface Leasing

Under the BIA's surface leasing program, surface leases are let for such purposes as industrial and commercial development; planned community development; agricultural development; irrigation and dry-farming under leasehold; and housing under the HUD Indian Housing program. The leasing program includes not only the

leasing of individually and tribally owned lands, but other lands under the jurisdiction of the Bureau of Indian Affairs. In FY 1971 and FY 1974, rental income to Indians under this program was as follows:

<u>Surface leases</u>	<u>FY 1971</u>	<u>FY 1974</u>
Agricultural leases (number)	32,539	32,445
Acreage	4,455,275	4,179,127
Rental income to Indians (dollars)	17,548,316	21,517,555
Business leases (number)	5,195	6,564
Acreage	119,273	105,334
Rental income to Indians (dollars)	5,847,444	7,351,490
Other leases, inc. housing (number)	7,209	13,663
Acreage	176,865	405,385
Rental income to Indians (dollars)	599,313	592,163
Total leases (number)	44,943	52,672
Total acreage	4,751,413	4,689,855
Total rental income to Indians (dollars).	23,995,074	29,461,188

Forestry Program

Through the timber and forest products industries on Indian lands, income benefits are gained by tribal governments, and employment and income opportunities are available for Indians and non-Indians in the rural areas containing Indian forests.

In FY 1972 and FY 1975, the following benefits resulted from Indian forestry activities:

	<u>FY 1972</u>	<u>FY 1975</u>
Indian stumpage income (dollars)	37,952,965	63,349,900
Direct employment (manyears)	6,840	7,302
Wages (dollars)	46,655,640	65,540,900
Indirect employment (manyears)	1,231	1,606
Wages (dollars)	8,618,400	15,261,180

Of the above employment and wage benefits, the following are estimated for Indians:

	<u>FY 1972</u>	<u>FY 1975</u>
Direct employment (manyears)	2,352	2,405
Wages (dollars)	11,760,000	18,302,800
Indirect employment (manyears)	188	289
Wages (dollars)	940,800	2,196,336

As the data show, the level of Indian employment has increased only moderately, while employment income has increased significantly. While this income rise can be attributed partly to inflation, the more positive cause is the fact that Indian workers are upgrading their job status within the forest products industry. Also, timber stumpage income has increased substantially as a result of the general rise in the lumber market and increased harvesting of Indian timber during the 4-year period.

In addition to producing employment and wage benefits plus tribal stumpage income for economic development, scholarships, welfare programs, and other tribal programs, the Indian forestry program contributes to a wide range of other rural development benefits. Multiple-use of Indian forests contributes benefits of watershed management and protection, soil conservation, outdoor recreation development, and other benefits that do not stop at reservation boundaries but extend to the entire public interest. This is especially true of the wildfire prevention and suppression activities of the Bureau, which also provide employment and income. Forest improvement projects aid the environment, and also aid with additional employment and business development.

Mineral Resources Program

Production of mineral resources on Indian lands provides substantial income to Indian tribes, while also providing employment benefits to Indians and non-Indians in mineral resource areas. Mineral resources income to Indians in FY 1971 and FY 1974 was as follows:

	<u>FY 1971</u>	<u>FY 1974</u>
Oil and gas	\$ 33,052,253	\$43,050,749
Other than oil and gas	<u>1/ 15,881,404</u>	9,625,227

1/ Includes over \$5 million bid for uranium lease at the Navajo Reservation.

Agricultural Assistance

The Bureau of Indian Affairs agricultural assistance program has increasingly emphasized improving management techniques that increase income for Indian families involved in agricultural crop production. This emphasis includes

(1) encouraging formal education in resource fields, (2) advising interested persons of the benefits of resource conservation and intensive management of that resource, and (3) encouraging operator participation in short- and long-range planning. This activity involves conservation of dry-farm and pasture land as well as irrigation farming, and works to increase income by encouraging Indian operator adoption of improved physical development, produce-marketing techniques, and overall management improvement which results in economic units that enhance net income.

In CY 1972, the most recent year for which data are available, there were 3,856 cash crop, 13,526 livestock, and 7,878 cash crop/livestock Indian enterprises on Indian lands. Income to tribes from lease rental of grazing land totaled \$2.4 million in FY 1972, increasing to \$3.4 million in FY 1975. Income to individual Indians through lease rental of individually owned grazing land increased from \$3.1 million to \$4.9 million over the period.

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USDA's Agricultural Stabilization and Conservation Service (ASCS) makes payments to farmers through several support, disaster payments, and indemnity programs to protect farmers' incomes when needed. In FY 1975, ASCS direct payments to farmers for income protection purposes totaled \$653.4 million, for the following measures:

- * Disaster payments--\$555.4 million for feed grain, wheat, and cotton farmers who were prevented from planting a disaster payment program crop or whose yields were abnormally low because of a natural disaster.

- * Sugar payments--\$77.5 million in production payments to domestic producers under the Sugar Act. (This program expired December 31, 1974, and has not been renewed.)

- * Wool payments--\$14.6 million in incentive production payments to domestic wool producers under the National Wool Act.

- * Extra long staple cotton payments--\$3.8 million in price support.

- * Indemnity payments--\$2.1 million to beekeepers whose bees were killed by insecticides approved for use by the Government and to dairy farmers who have suffered losses through unavoidable herbicide contamination of milk.

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In FY 1975, the Economic Research Service completed a number of analyses of farm programs and policies bearing upon the income of farmers and developed a simulation model of the agricultural sector that is being used as a major tool in analyzing the effects of proposed farm legislation. In addition, ERS will develop a procedure to provide a basis for evaluating the likely impact of alternative income and monetary policies on the financial position of farm operators.

ERS will also analyze the multiple-income and small farm subsector, including the 65 percent of all farmers who have gross sales of agricultural products of less than \$10,000 per year and also earn modest amounts off the farm. Using new information on multiple-income farms and small farms that will be available as a result of definitional and data changes in the 1974 Census of Agriculture, ERS will (1) complete a comprehensive analysis of economic characteristics of these farms as reported in the Census, (2) gather and analyze supplementary data on personal as well as economic characteristics in order to classify the part-time farms into like groups, and (3) analyze adjustment alternatives for these farms and identify policy implications.

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Income improvement in rural areas has resulted from Agricultural Research Service farm production efficiency research, enabling American farmers to minimize production costs and compete in world markets at an increasing level of output. Increased farm incomes in recent years are largely due to the value of export earnings attributable to production efficiency.

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Extension work contributing to the income goal includes a wide range of efforts in nearly every county to further off-farm employment, consumer competency, rural business expansion, agribusiness development, and cooperative purchasing and marketing.

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The financial circumstances of some families and individuals cannot--for either a permanent or a temporary period--be improved through improvement in employment incomes. The following material discusses income maintenance assistance extended to such families and individuals by the Department of Health, Education, and Welfare (HEW) and the Veterans Administration (VA).

Aid to Families With Dependent Children

Federally aided public assistance cash payments to States--termed Aid to Families with Dependent Children (AFDC)--partially reimburse States for expenditures to needy families with dependent children. Administered by the Assistance Payments Administration in HEW's Social and Rehabilitation Service, the AFDC program is directed toward helping families in which there has been a loss of financial support because of the death, continued absence, or incapacity of a parent. For a State to receive Federal funds, the program must be in effect statewide. Within broad Federal standards, each State determines the amount of its payments and eligibility requirements.

AFDC benefits are extended on the basis of economic need, and geographical location does not figure into program criteria. The nonmetro share of total

AFDC obligations for those years with statistics available delineating metro/nonmetro expenditures (1970-73) indicates comparatively less assistance going to the nonmetro areas. This may be because extended families are more commonly found in rural areas, whereas core families predominate in urban areas. Thus, when a parent becomes absent from a home for one reason or another, the effect is often more severe in the urban setting. Total AFDC obligations in FY 1972 were \$3.6 billion, approximately 55 percent above the \$2.3 billion total for 1970. AFDC families living in a metro area rose from 74.4 percent of the total in January 1971 to 77.9 percent during the month of January 1973. Of the total number of AFDC recipients (2,989,896) for that month, 15 percent were in non-metro areas. The share of the total dollar amount (\$552,917,940) going to non-metro areas was \$82,937,691. In May 1975, AFDC's total expenditure for the month was \$735,692,000. There are no statistics available at this time which distinguish expenditure of funds between metro and nonmetro residences for FY 1975.

It should be noted that there is a special Work Incentive Program (WIN) to help develop job-oriented skills for adults receiving AFDC assistance. The WIN program, which uses Labor Department manpower training and other services, is intended to make a major impact on those areas where the greatest number of unemployed people and people receiving AFDC benefits are located. Data are not available on the WIN expenditures for FY 1975 nor on the nonmetro/metro location of participants.

Self-Support Services

Title XX of the Social Security Act provides funds to the States for a program designed to engender self-support and self-maintenance. The bulk of the funds are for services and not for direct economic aid or benefit. Each State determines its own programs and expenditures, and data are not available on State allocations to rural or urban locations. Title XX went into effect October 1, 1975. Social services provided under Title XX must be directed to at least one of five goals: (1) to help people become or remain economically self-supporting; (2) to help people become or remain self-sufficient; (3) to protect children and adults who cannot protect themselves from abuse, neglect, and exploitation and to help families stay together; (4) to prevent and reduce inappropriate institutional care as much as possible by making home and community services available; and (5) to arrange for appropriate placement and service in an institution when this is in an individual's best interest.

During FY 1975, \$2.5 billion was allocated among the 50 States and the District of Columbia on the basis of population. No State can receive more than its allotment; most States have been using considerably less than their full allotments.

Old Age and Survivors Insurance

The Social Security program covers 90 percent of all jobs in the Nation. Based on overall sources of income, Social Security benefits represent approximately 36 percent of the income of all individuals over age 65. Payments to beneficiaries in nonmetropolitan areas accounted for about 30 percent of total

obligations for Social Security programs during 1970-72. The average per capita benefit is lower than in metro areas, since the average earnings of covered employees in nonmetro areas tend to be lower than in metro areas.

In FY 1975, the Old Age and Survivors Insurance Trust Fund expended \$54,839,000. There currently are no data available on the metro/nonmetro distribution of these funds in FY 1975.

Disability Insurance

Disability benefits are paid to workers who are totally disabled, after a waiting period of five full calendar months after the onset of the disability. Determinations of disability are made by State agencies under agreements with the Federal Government and on a reimbursable basis.

Approximately 40 percent of all disability payments between 1970 and 1972 were made to individuals in nonmetro areas. This is indicative of the fact that the rates of agricultural and certain industrial accidents are considerably higher in sparsely settled areas where it is much more difficult to enforce safety precautions and where emergency medical services are relatively inferior. The Disability Insurance Trust Fund expended in FY 1975 \$7,020,000. There are no data available on nonmetro/metro distribution in FY 1975.

Supplemental Security Income (SSI)

SSI is a new national program of income maintenance under Title XVI of the Social Security Act. Implemented in January 1974, the program provides a nationally uniform income floor for aged, blind, and disabled persons with limited income and resources. SSI is a part of a comprehensive strategy to help the aged, blind, and disabled through Federal/State partnership.

In FY 1975, \$5.4 billion was spent through the SSI. Of this total, \$4.1 billion was spent through Federal funds and \$1.4 billion by the States.

In the month of December 1974, \$3.6 million was spent through SSI. Sixty-two percent went to metropolitan counties and 37 percent to nonmetropolitan counties.

Black Lung Benefits

Of special significance to some nonmetropolitan areas are the Black Lung benefit provisions of the Federal Coal Mine Health and Safety Act, which provides special benefits to coal miners who are totally disabled by pneumoconiosis, often called the black lung disease, and to their dependents or survivors. Pneumoconiosis, a chronic lung disease caused by breathing dust in coal mines, causes shortness of breath and eventual death. The miner or his survivor must prove that pneumoconiosis is the cause of disability, that it arose from employment in a coal mine, and that it prevents the individual from engaging in coal mining work. The applicant may be able to work in areas other than coal mining and still be eligible for benefits.

In FY 1972, \$400 million was obligated to eligible beneficiaries of this program, a tremendous increase over the \$7.1 million obligated in 1970. Two reasons for the increased allowance are a relaxation of the standards of disability related to the disease and a better understanding of the symptoms. In 1972, 61 percent of the beneficiaries lived in nonmetropolitan areas, an increase over 1970's 55 percent.

The Black Lung Benefit program spent \$939 million in FY 1975. There are no data available on the FY 1975 nonmetro/metro distribution.

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The rural development income goal is also supported by Veterans Administration disability benefits and other financial assistance that compensates eligible veterans and their survivors for lack of partial or full earnings power. A summary of these benefits follows:

<u>VA program</u>	<u>U. S. total</u>	<u>Town/city over 25,000</u>	<u>Area 25,000 or less</u>	<u>Percent "urban"</u>	<u>Percent "rural"</u>
	<u>Dollars</u>				
Veterans S/C <u>1</u> / disability compen- sation.....	3,701,264,395	1,732,654,573	1,968,609,882	46.8	53.2
Veterans depend- ency and compen- sation.....	809,098,227	377,530,045	431,568,182	46.7	53.3
Veterans N/SC <u>2</u> / disability pen- sion.....	1,530,959,048	681,214,714	849,744,334	44.5	55.5
Veterans death pension.....	1,123,304,887	511,708,226	611,596,661	45.6	54.4

1/ Service connected.

2/ Non-service connected.

Population

Nonmetro counties are benefiting from both private investment and Federal Government resources and services extended to rural communities. However, because of the great mix of private investment and the varying levels of resources extended over time by a fluctuating number of Federal agencies, Federal programs' contribution to rural population stabilization and growth cannot be readily isolated. It is more feasible to comment on the Federal Government's assistance on behalf of planning for and accommodating this growth, and promoting the widest understanding of the changes taking place in our population distribution patterns.

The Community Development Block Grant program and the 701 Comprehensive Planning and Management program are the Federal Government's principal instruments for improving the capacity of States and local governments to plan to accommodate growth. In FY 1975, the Department of Housing and Urban Development (HUD) extended grants totaling \$10.3 million under the "701" program to 47 States for planning programs of 334 nonmetropolitan planning districts. As noted on page 77, the Community Development Block Grant program provided an additional \$470 million to nonmetro areas during FY 1975 which is available for a variety of purposes including comprehensive planning.

The Department of Agriculture contributed an estimated 521.8 manyears of professional and administrative services in the provision of technical assistance in the organizing and operation of district programs. In September 1975, the Secretaries of Agriculture and Housing and Urban Development transmitted to the Congress a detailed report on the 701 program for FY 1975. This report is required annually by Section 901(c) of the Agricultural Act of 1970.

In addition, the Secretary of Agriculture submitted to the Congress in November 1975 a detailed report on all USDA rural development information and technical assistance delivered in FY 1975. This report, required annually by Section 901(d), devotes two sections--one on Organization and Leadership Development and one on Comprehensive Planning--to discussion of USDA assistance to localities to help them plan for, and conduct programs leading to, orderly development and growth. ^{27/} Representative of USDA planning assistance are Extension's nationwide local-level educational efforts in clarifying land use issues, Forest Service's placement of qualified land use planners on the staffs of State and multicounty district planning groups, and such USDA-State rural development committees activities as the Connecticut committee's assistance to the State Board of Agriculture, as it responds to a State legislative directive to develop criteria to identify agricultural land that should be preserved.

^{27/} The 901(c) and 901(d) reports are (1) Financial and Technical Assistance Provided by the Department of Agriculture and the Department of Housing and Urban Development for Nonmetropolitan Planning Districts in Fiscal Year 1975, Sixth Annual Report to the Congress and (2) Information and Technical Assistance Delivered by the Department of Agriculture in Fiscal Year 1975, Sixth Annual Report to the Congress. Copies of both reports are available from the Rural Development Service, U. S. Department of Agriculture, Wash., D. C. 20250.

Within USDA, Economic Research Service studies on population trends and distribution are perhaps the single most important source of information as we seek to understand and deal with the population changes taking place today. The Revival of Population Growth in Nonmetropolitan America is one example of the studies that are assisting decisionmakers concerned with our national growth patterns. The study concludes that the process which led to the urbanization of the United States has been essentially completed and another phase of demographic transition may be emerging, in which excessive urbanization will slow down.

Also of importance is a study entitled Social and Economic Characteristics of the Population in Metro and Nonmetro Counties, 1970. This work is intended to assist program leaders and policymakers by pointing out the differences among counties and regions and the constraints imposed by the age structures of the population, educational and income levels, occupational and industrial composition, labor force participation, and other socioeconomic characteristics of the people. It also shows the interrelationships among demographic, economic, and social processes as a guide to planning for rural development and for a better understanding of the forces operating within and among counties. 28/

The Economic Research Service's monitoring and analysis of the current trend toward decentralization of the U.S. population will continue during FY 1976 and FY 1977. A new aspect of this work will include use of the Continuous Work History Sample of the Social Security Administration to determine for major rural and small town areas (1) where the immigrant workers are coming from, and (2) what their characteristics are in terms of age, sex, earnings, and type of business in comparison with longer established workers in the same areas. This should considerably advance our understanding of the metro-to-nonmetro movement that is taking place and the movement's implications for public policy.

Researchers in the State Agricultural Experiment Stations are also monitoring the turn-around in population growth and economic activity, identifying counterstreams of migration, assessing the causal factors, and providing policy and decision makers with the basic information needed for planning. Residential preferences and the reasons for preferences are under continuing study and the data are being used in various ways in all of the States.

28/ See also p. 11 for detail on an additional study, entitled Recent Population Trends and the Provision of Services in Nonmetropolitan Communities.

Housing

The following section discusses financial assistance programs for housing and gives several examples of research and educational programs directed at rural housing needs.

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In FY 1975, the Farmers Home Administration obligated over \$2.2 billion in 106,372 insured housing loans in nonmetro areas of 10,000 population or less. Some \$292.3 million of this was to be used to produce rental units for the elderly and families of low-to-moderate income. The agency will soon be implementing a guaranteed loan program to attract private capital for improving the rural housing situation.

In FY 1975, the number and amount of section 502 rural housing loans and rural rental housing loans greatly exceeded FY 1974 levels, as indicated in the following tabulations:

FmHA section 502 rural housing loans

	<u>Number</u>	<u>Amount (Mil. dol.)</u>
FY 1974	94,371	1,590
FY 1975	102,516	1,927
Percent increase	8.6	21.2

FmHA rural rental housing loans

	<u>Number</u>	<u>Amount (Mil. dol.)</u>
FY 1974	879	172
FY 1975	1,153	292
Percent increase	31.2	69.8

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The Veterans Administration contribution to the rural housing goal can be measured by assessing data on VA guaranteed and insured loans and VA direct loans. The Veterans Administration is able to supply data for loan face amounts accruing to towns or cities of over 25,000 population and towns or areas of 25,000 population and below.

The following tabulation shows VA housing loan face amounts and accrued expenditures for veterans in the two categories of residence area:

<u>Program</u>	<u>U.S. total</u>	<u>Town/City 25,000 or more</u>	<u>Area less than 25,000</u>	<u>Percent "urban"</u>	<u>Percent "rural"</u>
	- - - - -	<u>Dollars</u>	- - - - -		
Guaranteed/ insured loans	8,296,500,040	5,099,131,915	3,197,368,125	61.5	38.5
Direct loans	65,199,087	17,083,585	49,115,502	25.3	74.2
Percent of U.S. vet. population.....				46.8	53.2

The direct loan program is expressly for the eligible veterans population group in "rural areas and small towns and cities (not near large metropolitan areas) where private capital is not generally available for VA guaranteed and insured loans," explaining the 74.2 percentage figure above.

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Section 8, Title II, of the Housing and Community Development Act of 1974 authorizes the Department of Housing and Urban Development, through local and State agencies, to contract with property owners to assist lower income families in renting units which would otherwise be beyond their means. Under the 1974 act, 20 to 25 percent of HUD's housing resources must be allocated to nonmetro areas. In FY 1975, the Department allotted the 25 percent maximum--\$238.6 million--for such areas. A significant proportion of Section 8 housing is expected to be for the elderly in nonmetro areas.

Regarding HUD assisted housing under the National Housing Act of 1934 as amended, 54.7 percent of title I mobile home loans in CY 1974 were made for units located in nonmetro areas. The nonmetro loan amount totaled \$23,138,567. Also, about one-third of FHA insured mortgages on mobile home courts were for courts in nonmetro areas.

In CY 1974, 17,987 single family mortgages were insured in nonmetro jurisdictions for an amount totaling \$344.3 million--8.8 percent of the national total. For all sections of the Housing Act, HUD insured 189 multi-family projects consisting of 11,658 units in nonmetropolitan counties for an amount totaling \$256.9 million--21.6 percent of the national total.

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In FY 1975, the Appalachian Regional Commission 29/ approved funding of \$1,404,500 for grant and loan assistance in the construction of standard housing units for the people of the Appalachian Region. Under the Appalachian Housing

29/ The Appalachian Regional Commission administers programs of grant and loan assistance in 13 States containing portions of the Appalachian area. In these States the Commission serves approximately 19 million citizens, 50.9 percent of whom are in nonmetro counties.

Planning Loan Program, funding approved totaled \$90,900 and was for the purpose of stimulating the construction and rehabilitation of low- and moderate-income housing in growth areas of the Appalachian Region. These funds were used for costs of planning projects and obtaining mortgage insurance. Nonmetro areas accounted for \$59,000--64.9 percent--and metro areas for \$31,900.

Technical and financial assistance was provided in the form of project grants, advisory services, and counseling to support State housing programs designed to help the region overcome its housing deficit and generate more properly conceived and executed housing projects. Grant funds were also used to assist in developing site and off-site improvements for low- and moderate-income families in the region. These grant funds must be essential to the economic feasibility of housing constructed or rehabilitated for these families. Grant funds approved in FY 1975 totaled \$1,313,600; of this amount, 61.5 percent was apportioned in metro areas and 38.5 percent was for direct assistance to States.

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Within the Bureau of Indian Affairs, the major housing activity in terms of meeting the goal of elimination of substandard housing on reservations is the housing development program. Through this program BIA advises tribes and provides technical assistance related to the Department of Housing and Urban Development's assistance to reservation Indians. HUD is the major provider of housing on reservations, paying the difference between the cost of the new home and the amount the individual Indian can pay. In FY 1975, HUD was to provide for a total of 6,500 new homes through this supplemental assistance.

Elimination of current substandard housing on Indian reservations will require the construction of 46,600 new homes and the repair of 18,900 existing houses. In FY 1975, the Bureau of Indian Affairs provided funds for the repair of 4,400 houses on reservations, up from 4,154 in FY 1974. BIA also provided funds for the construction of 500 new homes in FY 1975, under a program for Indians who cannot otherwise be adequately housed because lack of land, meager incomes, and other factors make it presently impractical for them to use other Federal housing programs. In FY 1974, 775 new homes were to be constructed with BIA funds under this program.

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Community Services Administration housing programs help low-income families acquire adequate housing or repair or rehabilitate substandard homes. Programs are coordinated with, and leverage the resources of, the Farmers Home Administration and other agencies with housing programs. Community Action Agency staff have been trained in many States to package FmHA applications for low-income and near-poor families. Since 1967, some \$500 million FmHA funding for single and multifamily units has been leveraged.

In FY 1975, CSA had more than 250 rural housing grantees--CAA's, nonprofit housing development corporations, and housing cooperatives--that received total grants of \$10.5 million.

In FY 1975, USDA-affiliated Extension community resource development personnel conducted a variety of public educational activities to help local people understand the housing situation, and assist local, regional, and/or State level organizations to address the problems identified. Because of the rapidly increasing cost of housing, Extension emphasized educational programs on self-help housing, and aided families interested in knowing more about repairing and rehabilitating existing inadequate housing.

Extension personnel also continued to provide low-cost housing plans to rural families. In many States, county Extension personnel conducted intensive housing information programs, helped individuals and groups in loan application procedures, and assisted them in the various aspects of home ownership. Housing needs of elderly citizens were given increased emphasis in many of these efforts.

Substantial effort was also expended in a number of States in assisting communities in the preparation of housing plans and proposals for funding under Title I of the Housing and Community Development Act of 1974.

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In FY 1975, the Economic Research Service completed a study of the housing credit situation in rural areas, analyzing 1971 census data on existing mortgages. The study--Difference in Housing Credit Terms and Usage Between Metro and Nonmetro Areas in the United States, 1971--reports on the status of home mortgage credit for one-unit homeowner properties. In general, housing credit terms and usage in nonmetro areas showed improvement in 1971 over the situation in the 1960's, and the gap in availability of credit between the two types of areas has narrowed. However, interest rates, amortization periods, and ready access to lending institutions continue to favor metro over nonmetro areas.

Specifically, the study found that homebuyers in rural areas in 1971 paid somewhat higher interest rates and had somewhat shorter repayment periods on conventional loans than did their urban counterparts. The median interest rate on conventional first mortgage loans on one-unit homeowner properties in 1971 was 6 percent in metro areas, compared with 6.6 percent in nonmetro areas. The median years to maturity of conventional loans on such properties were 22.2 in metro areas and 18.2 in nonmetro areas. Also, rural buyers made less use of mortgage funds in the purchase of a home than urban buyers. For those properties acquired from 1967 to 1971, the percent mortgaged at the time of purchase was 71 percent in the rural sectors (areas with less than 2,500 population) of nonmetro areas, 74 percent in nonmetro areas, and 87 percent in metro areas. Also, fewer mortgages were insured or guaranteed by a Federal agency in nonmetro than in metro areas. In 1971, only 24 percent of the loans in the rural portion of nonmetro areas and 27 percent of the loans in nonmetro areas were guaranteed

or insured by a Federal agency. In comparison, 42 percent of the loans in metro areas were guaranteed or insured. 30/

One reason for the 1960-71 improvement that was found in the study was the increasing prevalence of institutions that specialize in housing credit in rural areas. In 1971, savings and loan associations held about 35 percent of the first mortgage loans on one-unit properties in rural areas, compared with 23 percent in 1960. Also, the Farmers Home Administration has increased its activity in providing mortgage loans to low- and moderate-income families in rural areas (of 10,000 population or less).

An additional recently completed ERS housing study--Vacant Housing--Is It Adequate in the Right Places?--responds to the interest in vacant housing as a potential resource to replace occupied substandard units. (Findings from this study are given on p. 12 of the present report.)

And, Household Income--How it Relates to Substandard Housing presents the income distribution of the inadequately and adequately housed, by race, in FmHA-served areas in each State and in all areas of 2,500 population or less in 1970. The study shows that rural households in substandard housing were far more heavily located among low-income groups than were rural households in standard housing:

<u>Rural households 1/</u>		
<u>Income Distribution</u>	<u>Standard</u>	<u>Substandard</u>
\$0 to \$1,999	11.2%	36.8%
\$2,000 to \$3,999	12.0	23.8
\$4,000 to \$5,999	12.8	15.7
\$6,000 to \$7,999	14.3	10.4
\$8,000 to \$9,999	14.1	6.0
\$10,000 to \$11,999	11.6	3.4
\$12,000 to \$14,999	10.8	2.1
\$15,000 to \$24,999	10.4	1.4
\$25,000 to \$49,999	2.4	.3
\$50,000 and more	.4	.1
Total	100.0	100.0

1/ Rural areas include open country areas and places with less than 2,500 population outside urbanized areas.

30/ It should be noted here that the Department of Housing and Urban Development has a specific objective of increasing the number of lenders and borrowers taking advantage of available Federal Housing Administration services in rural areas. A discussion of HUD's efforts to extend more of its lending assistance to rural areas appears in Rural Development--Sixth Annual Report of the President on Government Service to Rural America, which includes a section discussing executive branch efforts to improve services to rural America. Copies are available from Rural Development Service, U.S. Department of Agriculture, Washington, D. C. 20250.

With development of the Census Bureau's Annual Housing Survey conducted first in October 1973, it is now possible for ERS to provide reports on the housing situation in rural areas for years more recent than 1970. ERS plans considerable analysis of the survey results, to provide updated information on the status of housing conditions in both rural and urban areas and to pinpoint geographic areas and groups where housing is particularly deficient. Particular emphasis will be given to those areas serviced by the Farmers Home Administration.

ERS is also planning a study in selected economic development districts of Kentucky of rural-urban differences in (1) the availability, source, and use of housing credit; (2) down payments made; (3) interest rates; and (4) repayment terms, to determine the feasibility of studying these factors on a nationwide basis. Other housing research will include analysis of the potential role of mobile homes in overcoming housing inadequacies and determination of rural-urban cost differences of housing.

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In FY 1975, USDA's Cooperative State Research Service and the State Agricultural Experiment Stations continued to respond to the great need for alternative solutions to problems related to low-income housing. Through 27 housing research projects entailing 9 scientific man-years of research work, research was continued in such areas as identifying housing aspirations, expectations, and satisfactions of low-income families. Preliminary data from a study in Texas, for example, showed that people would prefer to improve their existing house rather than move to a new house. During the year, researchers also continued work on identifying limitations to the achievement of quality housing for low-income families. The acceptability and economic feasibility of innovative designs, housing components, new combinations of materials, and new building techniques were also tested.

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Researchers in USDA's Agricultural Research Service continued in FY 1975 to respond to the problem of housing costs plus energy constraints through studying ways to reduce construction costs and home operating costs through energy saving techniques. The surface bonding technique which eliminates the use of mortar in laying concrete blocks has begun to be adopted commercially after successful development by ARS. This technique will be particularly useful for do-it-yourself builders. Development and testing of a lightweight, wood-conserving, structural system for use in residential construction has also been completed by ARS. A report describing the lightweight drilled lumber and trussed headers and how these might be used in lightweight wood frame construction is being prepared.

In addition, ARS continued its leadership of the Cooperative Farm Building Plan Exchange, a program that coordinates the work of the State Agricultural Experiment Stations in developing approved building plans for farm housing and other farm buildings. Through the Exchange, approved plans are made available to farmers and rural residents requesting them.

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There are numerous Federal programs that have a positive impact on the housing goal that cannot be measured. For example, HEW contributed significant amounts of money to rural housing through income maintenance programs. The Rural Electrification Administration's financial support for rural electric systems has an impact on the quantity and quality of rural housing development. And, all programs that improve employment and income opportunities improve rural residents' opportunities to afford better housing.

Community Services and Facilities

The following section discusses (1) multipurpose community services and facilities programs of the Farmers Home Administration and the Department of Housing and Urban Development and (2) individual programs that can more readily be categorized under health care, education, transportation or a number of other separate types of services and facilities. Job-creation impacts of Federal efforts discussed here were reported on earlier under Employment whenever feasible.

MULTIPURPOSE PROGRAMS

In FY 1975, the Farmers Home Administration made 359 community facility loans (excluding water and waste disposal loans) for nearly \$200 million in towns of 10,000 population or less. Some 25 major purposes were represented, with health care, fire, rescue, and public safety facilities accounting for most of the loan money. The following tabulation shows the estimated use of funds for major categories of community facility loans in FY 1974 and FY 1975 combined (based on obligations through June 30, 1975):

<u>Category</u>	<u>Percentage of projects</u>	<u>Percentage of funds</u>
Health care	26	71
Fire, rescue, and public safety	42	8
Public buildings	10	6
Culture and education	7	7
Industrial development facilities	7	5
Transportation	3	1
Recreation	2	1
Energy--transmission and distribution	1	(Less than 1%)
Other rural development	2	1

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Title I of the Housing and Urban Development Act of 1974 provides that the Department of Housing and Urban Development will make available for nonmetro areas 20 percent of block funds for community development. At a funding level of \$2.550 billion for block grants for FY 1975, this percentage provided about \$470 million of assistance to nonmetropolitan areas as follows:

Total for nonmetropolitan areas	\$469,493,000
449 Hold Harmless Communities	269,799,000
Discretionary Balance	199,694,000

For the 3-year period FY 1975-77, title I authorized \$1.68 billion for non-metro areas. Communities can use these funds for projects previously funded by categorical grants for land acquisition and development, community renewal, open space, water and sewer facilities, and neighborhood facilities. Such programs in nonmetro areas formerly accounted for 16 percent of all funds appropriated over the life of these programs (18 percent if the Model Cities program is excluded from the comparison). Thus, the Community Development Block Grant program increased by a range of 2 to 4 percent the authorization available to nonmetro areas over sums previously committed through categorical grants.

By interagency understanding, HUD community development block grant funds are available to nonmetropolitan communities without regard for their size. As noted above, Farmers Home Administration funds for community facilities and services are limited to communities below 10,000 population.

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HEALTH CARE

The Veterans Administration channeled \$3.6 billion into the Nation's health care resource pool through its hospital and other health programs in FY 1975. A large share of the obligations accrued to urban areas because of the location of large VA hospitals in population centers.

The following tabulation summarizes VA health obligations or accrued expenditures for FY 1975, including the rural and urban shares as indicated by the measurement the VA was able to use for purposes of this report; that is, urban is being considered to mean towns or cities of 25,000 or more population and rural to mean areas of less than 25,000 population:

<u>Program</u>	<u>U.S. total</u>	<u>Town/city 25,000 or more</u>	<u>Areas less than 25,000</u>	<u>Percent Urban</u>	<u>Percent Rural</u>
	----- <u>Dollars</u> -----				
Medical administration and miscellaneous op- erating expense.....	35,763,191	32,212,873	3,550,318	90.1	9.9
Vet. hospitalization...	3,258,157,986	2,159,580,314	1,098,577,672	66.3	33.7
Vet. domiciliary care...	50,657,240	16,196,795	34,460,445	32.0	68.0
Medical & prosthetic... research.....	95,390,799	73,282,956	22,107,843	76.8	23.2
Construction of hospit- al & extended care fa- cilities.....	119,571,799	88,617,579	30,954,220	74.1	25.9
Grants to State for con- struction of extensive care facilities.....	3,153,684	1,585,484	1,568,200	50.3	49.7
Percent of U.S. veteran population.....				46.8	53.2

Total financial assistance figures do not convey a thorough picture of recent improvements in health-related services to rural veterans. For example, to provide assistance to rural veterans, VA's Department of Medicine and Surgery has continued to expand its outreach and follow-up services. VA hospitals at Albuquerque, N. Mex., and Lincoln, Nebr., have established a telecare system for regularly contacting isolated and single veterans to ascertain their well-being. At the VA hospital in Grand Island, Nebr., the work staff was increased to provide post-hospital social services to veterans in 30 Nebraska and 12 Kansas counties. Also, there are now 12 hospitals providing outreach support services in psychiatric care. In delivering the above services to all areas of the United States, workers with outpatient assignments in VA hospitals now travel on average a total of nearly 1 million miles each quarter. All outreach efforts are intended mainly to lessen the need for veterans to travel long distances to receive services.

VA outpatient services were extended during FY 1975 with the opening of outpatient clinics at Chattanooga, Tenn.; Columbus, Ohio; El Paso, Tex.; Mobile, Ala.; and Orlando, Fla.

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In FY 1975, the Appalachian Regional Commission approved \$34,773,500 in funding for the maintenance and improvement of health facilities and techniques in the region. 31/ Of this amount, \$13,551,900 was provided for nonmetro areas. Throughout all areas of the region, \$26,264,700 was spent under the section 202 Health Demonstration Program and \$8.5 million went for construction of health care facilities under the Commission's section 214 supplemental grant program.

The section 202 program provides a flexible noncategorical approach to the development of health demonstration projects through comprehensive community planning on a multicounty basis, and the implementation of that planning through services and construction.

The distribution of FY 1975 health-related funding approvals is as follows:

<u>Program</u>	<u>Metro counties</u>	<u>Nonmetro counties</u>	<u>Multicounty areas</u>
		<u>Percent</u>	
Sec. 202	10.3	32.3	57.4
Sec. 214	40.6	59.4	0
Total	17.7	39.0	<u>1/</u> 43.3

1/ Approximately 20 percent of the funding was for projects in nonmetro areas.

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The following programs administered by the Health Services Administration of the Public Health Service, Department of Health, Education, and Welfare, are contributing to attainment of the health care component of the community services and facilities goal for rural development. 32/

31/ In FY 1975, \$71,733,800 was approved for all types of community services and facilities projects in nonmetro counties. This is 51.6 percent of the regional total for such projects and may be compared with the 50.9 percent that is the share of the Region's population classified as nonmetro. Metro counties were allocated 23.1 percent of the total, and the remainder was for multicounty areas and some direct funding to the States. Multicounty areas include both metro and nonmetro counties. The individual ARC programs for community services and facilities are discussed here under Health Care and in following sections under Education, Human Development, Water and Sewer, Transportation, and Outdoor Recreation.

32/ In submitting material for this report, HEW used considerable discretionary judgment in selecting programs. The criterion used in most cases was that if the program had specific legislative or administrative focus on rural areas it was included. In this section and in other sections under Community Services and Facilities that contain material on HEW programs, 1970 and 1972 data from the Committee Print "HEW Programs for Rural America" (U.S. Senate, Feb. 6, 1975) were used as financial or participation benchmarks against which to compare 1975 results. When statistical measurements were not available, or if a program was a new effort, more subjective information is presented.

Community Health Centers

Community Health Centers provide ambulatory health care through a wide range of services designed to meet specific needs of a target population. Through two types of centers--the Family Health Center and the Neighborhood Health Center--the Community Health Centers program serves 166 ambulatory care projects providing services to an estimated 1,425,000 people in nonmetro and metro areas. Of the 127 Neighborhood Health Centers, 27 serve nonmetro areas; 15 of the 30 Family Health Centers serve nonmetro areas. Funded Family Health Centers are those which have been a workable model for the delivery of health care in nonmetro areas.

In FY 1972, nonmetro areas received \$19 million, or 13 percent of the total of \$144 million obligated for the Community Health Centers program in that year. In FY 1975, an estimated \$196,648,000 was obligated, of which an estimated \$49,183,000--or 25 percent--was for nonmetro areas. This amount includes \$7,283,000 obligated through the Rural Health Initiative, discussed later in this section.

Emergency Medical Services (EMS) Program

The emergency medical services program provides citizens accessibility to medical care and equipment during times of accidents or sudden illness. The program provides money to assist communities in planning, expanding, and improving EMS systems. Special emphasis is placed on problems in rural underserved communities.

In FY 1974, \$17 million was obligated for the EMS program, of which approximately one-half of the grants were for services in nonmetro areas. The estimated FY 1975 obligation was \$37 million, of which approximately \$15,339,000--or 41 percent--was allocated to nonmetro areas. The authorizing legislation specifically directed the expenditure of not less than 20 percent of the annual appropriation on nonmetro areas.

Family Planning Program

The mission of HEW's family planning program is to support demonstration projects that enable people to have a free choice regarding the number and spacing of their children. This is accomplished by providing information concerning the factors which influence the number and spacing of children as well as family planning and medical assistance services to people who desire these services.

The family planning program provides family planning services to approximately 2.2 million people annually through 300 projects. In addition, training related to the delivery of family planning services is provided for 6,500 persons. This program is experiencing a gradual shift in emphasis from urban to rural areas; 231 of 300 projects now provide services in nonmetro areas. One of the program's special targeted research efforts in FY 1974 was for service delivery improvements in rural areas.

Health Maintenance Organizations

A Health Maintenance Organization (HMO) is a legal entity that provides a prescribed range of health services to a defined, enrolled population for a fixed, uniform, prepaid premium. The premium is not related to the number of times during a fixed period an enrollee uses services included in the HMO. On the contrary, HMO's encourage enrollees to seek preventive care and early treatment of disease in order to decrease the need for hospitalization, which is the most expensive aspect of health care.

The Health Maintenance Organization Act, enacted in December 1973, authorized a 5-year program of support to demonstrate the HMO concept more widely throughout the country. The Act provides for the award of grants, contracts, loans, and loan guarantees for feasibility surveys, planning, initial development, and initial operating deficits. An important feature of the act is the "dual choice" provision that requires all employers with more than 25 employees to offer the option of services through a qualified HMO if there is one in the area where the employees reside.

To encourage the development of HMO's in rural areas, the Health Maintenance Organization Act requires that 20 percent of the funds available for grants, contracts, loans, and loan guarantees in any fiscal year be set aside for projects in nonmetro areas. Two-thirds of an HMO's membership must be drawn from a nonmetropolitan area if the HMO is to be eligible for assistance as a rural HMO.

Two rural target populations--migrants and seasonal farmworkers and Indians--are specifically affected by the HMO Act. HEW has authority to arrange for the provision of health services to migrants and seasonal farmworkers and their families through HMO's. In addition, with their consent, health care may be provided to Indians by private or other non-Federal health agencies or organizations through contract on a fee-for-service, prepayment, or other basis.

In FY 1975, an estimated \$22,462,000 was obligated for the program, of which \$2,592,000--or 12 percent--was channeled to nonmetro areas. The 12 percent reflects the fact that it is more difficult to get HMO's started in nonmetro areas, a problem recognized in the authorizing legislation. The law directed that if insufficient numbers of eligible groups applied for funds in FY 1974 and FY 1975, the unused allocation up to the legally set 20 percent was to remain available for nonmetro allocation in the next fiscal year.

Indian Health Service

The mission of the Indian Health Service is to provide health services to Indians and Alaska Natives. Approximately 452,800 American Indians belonging to more than 250 tribes and 54,700 Alaska Natives are eligible to participate in the program. For the most part, recipients must live on or near reservations and in certain remote and isolated areas in 25 States--the majority west of the Mississippi. Because Indian reservations and the Alaska Native population are predominately nonmetropolitan, it is not surprising that approximately 89 percent of the \$237 million obligated by the Indian Health Service went to nonmetro areas in FY 1975.

The Indian health services program provides a full range of curative, preventive, rehabilitative, and environmental health services. The program is carried out in 88 service units, utilizing a facilities system of 51 hospitals. Each hospital has an outpatient care department, and the total hospital system is augmented by 99 health centers and over 300 health stations and satellite clinics. Where possible, clinic space is leased from Indian tribal groups in lieu of constructing new Federal facilities. In addition, contracts are maintained with approximately 500 private or community hospitals, approximately 20 State and local health departments, and some 1,000 physicians, dentists, and other health specialists to provide hospitalization and specialized diagnostic and therapeutic services.

Environmental health programs provide basic environmental health services, engineering, and technical support in the development of sanitation facilities, coordination with other agencies, and training of the Indian people in practices to promote good health and operation of projects directed at improving overall environmental conditions. A continuing program of consultation and services has also been made available to Indians and Alaska Natives to assist them in implementing comprehensive environmental health programs and to maintain healthful communities. Public Law 86-121 enables the construction of sanitation facilities and running water and waste disposal systems. Since passage of the law in 1959 through late 1975, approximately 59,000 existing homes have been provided new or improved sanitation facilities, and facilities have been constructed or provided for approximately 44,000 new, replacement, or rehabilitated homes under Federal or Tribal housing programs.

A significant trend in the Indian health program has been the increased acceptance by Indians and Alaska Natives of health care services, especially ambulatory services. Since the inception of the Indian Health Service in 1955, hospital admissions have more than doubled, outpatient visits have increased more than five times, 98 percent of babies are now born in hospitals rather than homes, and dental services have more than quintupled. The infant death rate has declined 69 percent, the death rate from gastritis and related diseases has declined 86 percent, the tuberculosis death rate has decreased 89 percent, and the death rate from certain diseases of early infancy has declined 71 percent. Since 1958, the maternal mortality rate has been reduced 80 percent. The incidence rate for tuberculosis has been reduced 58 percent since 1962, and the rate for trachoma has been lowered 71 percent just since 1966.

In other areas of progress relevant to attainment of rural development goals, private sector investment and involvement have been of critical importance along with governmental assistance. However, the substantial gains that have been made in improving the health status of the American Indian and Alaska Natives can be fairly stated to have resulted from the high level of commitment made by the Federal Government during the last two decades.

There is, it should be stressed, a continued high emphasis on providing services, in order to bring the overall health status of this population group to that of the general population of the United States.

Maternal and Child Health

The Maternal and Child Health Care program was established under Title V of the Social Security Act of 1935. Funds provided under the program enable States to extend and improve services for: (1) reducing infant mortality and promoting health programs for mothers and children, (2) locating crippled children and providing them with medical, surgical, and corrective care including hospital services, and (3) special projects of regional and national significance.

The legislation establishing maternal and child health and crippled children's services requires that special emphasis be given to nonmetro areas and areas suffering from severe economic distress. This mandate is achieved through grants distributed by a formula which ranks States in reverse order of their per capita income and, for maternal and child health, counts each non-metro live birth twice for each metro birth. For crippled children, the formula counts the crippled child population under 21 twice in nonmetro areas. Service projects aim to respond to both the lack of medical personnel and facilities and the problems of transportation and information dissemination.

Migrant Health Program

The migrant health program revised by P.L. 94-63 in July 1975 provides grants to plan, develop, and operate migrant health centers to serve migratory agricultural workers, seasonal agricultural workers, and members of their families. The highest priority is given to areas wherein reside the greatest number of migratory agricultural workers and members of their families for the longest period of time. A center provides primary and supplemental health services or refers workers or family members to providers of supplemental services as needed. These supplemental services include environmental health services, such as the detection and alleviation of unhealthful conditions associated with water supply and infectious and parasitic disease screening and control.

The program also provides grants and contracts to plan, develop, and operate migrant health projects in areas where no migrant health center exists and no more than 6,000 migratory agricultural workers and their families reside for more than 2 months. Projects are designed to provide emergency and primary care to migratory agricultural workers and their families.

The July 1975 migrant health legislation further provides funds for contracts to assist States in the implementation and enforcement of acceptable environmental health standards and to conduct projects and studies to assist States and entities in the assessment of problems related to camp and field sanitation, pesticide hazards, and other environmental health hazards to migrant and seasonal agricultural workers.

Under the migrant health program, priority in funding is given to applications submitted by community-based organizations which are representative of the population to be served.

In FY 1975, 105 projects serving 390,000 patients were funded at a level of \$23,750,000 (under the previously authorized migrant health program).

National Health Service Corps (NHSC)

The NHSC, which was created by the Emergency Health Personnel Act of 1970 and began operations in 1972, was established to demonstrate to communities having critical shortages of health professionals, ways in which such professionals could be attracted to and retained in those communities. The selection of communities for such assistance is based on program criteria including the physician-to-patient ratio, health indicators, accessibility of health services, and willingness of the community to assume an active role in developing and managing a health practice with assistance from the NHSC.

The Corps is a mechanism for placing health professionals in areas with critical health profession shortages. In many cases, residents of these areas have not had other than distant emergency care available for long periods of time. NHSC also helps these areas develop the capability to independently attract and retain health professionals.

Of the 465 sites approved for Corps assignees, 387 have been classified as nonmetro. Of 551 NHSC assignees (October 1975), 325 are physicians, 80 are dentists, and 146 are nurses, physician extender personnel, and other assignees.

In FY 1975, an estimated \$12,529,000 was obligated under the NHSC program, of which \$11,200,000 was for nonmetro areas.

Rural Health Initiative

During FY 1975, the Public Health Service established 47 Rural Health Initiative projects. These projects were established for the purpose of providing high quality services at reasonable cost through the development of systems that integrate and maximize available resources. These were established through the integration of projects and resources of the National Health Service Corps, the Appalachian Regional Commission, the Migrant Health program, and the Community Health Centers program. In FY 1975, approximately \$7,283,000 of the Community Health Centers program resources were channeled into this new effort.

To carry out the rural health initiative, the Assistant Secretary for Health established a "Rural Health Coordinating Committee." This committee, which represents the major Public Health Service agencies and the Social and Rehabilitation Service, is also coordinating with other Federal agencies as appropriate.

In addition to the Public Health Service programs discussed above, the following HEW programs illustrate, respectively, Federal efforts to improve health care in nonmetro areas specifically and Federal efforts to extend health care availability in both nonmetro and metro areas.

"Models" of Health Care for Rural Communities

On July 1, 1975, the Medical Services Administration of the Social and Rehabilitation Service announced the awarding of nine grants totaling \$3,298,904 for development of new ways to provide medical care in rural areas designated by the Secretary of Health, Education, and Welfare as being critical health manpower shortage areas. The research and demonstration grants were the first to be made in response to the congressional directive that funds be provided to try out innovative "models" of health care for rural communities. The model projects--administered by the Medical Services Administration--will provide primary medical care to Medicaid recipients and will test varying methods of: (1) Increasing the supply of physicians, physician assistants, and nurse practitioners in rural areas; (2) making medical services more accessible to rural residents; (3) increasing the local health care delivery system's ability to meet the medical needs of the community; and (4) making more effective use of combinations of separate health programs through joint planning and coordination.

Medicare and Medicaid

Medicare, the largest Federal health program, is administered by the Social Security Administration with the assistance of private insurance carriers and intermediaries. Financed through separate hospital insurance and supplementary medical insurance trust funds, Medicare provides comprehensive health insurance protection to persons 65 or older, disabled persons under 65 years old, and most persons who require dialysis or kidney transplants because of chronic kidney disease. The hospital insurance part of the program--which helps pay for a patient's care in a hospital and for certain followup care after leaving the hospital--is paid for primarily by payroll contributions from workers, their employers, and the self-employed. The supplementary medical insurance part is a voluntary program paid for by premiums from those who enroll and by amounts from general revenues. This insurance helps pay for physicians' services, outpatient hospital services, and many other medical items and services not covered under the hospital insurance. Medicare outlays in FY 1975 were \$14.8 billion. Historical data on medical payments are not available by county.

Medicaid is a Federal grant program to States for financing health care of low-income persons. State and local Medicaid payments were \$5.6 billion in FY 1975 and were matched by Federal spending of \$6.8 billion. States establish most Medicaid eligibility and benefit standards within broad Federal requirements. The amount of Federal funds a State now receives is based on its expenditures and a statutory matching rate. The result of this allocation method has been to distribute Federal funds inequitably to urban and higher income States, which are more able to afford to spend their own funds. Federal spending ranges from over \$800 per low-income person to under \$200 in a number of lower income and rural States. The President has proposed the "Financial Assistance for Health Care Act" to correct this inequity by distributing funds on the basis of a formula that reflects a State's low-income population, per capita income, and tax effort. Lower income and rural States would gain substantially under the proposal.

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In USDA, research support for rural development health objectives is provided by the Economic Research Service. In an ERS study completed in FY 1975 in northwestern Oklahoma, data were collected on the demand for emergency medical care services, potential revenue from such services, and expenses associated with each of several alternative systems of providing these services. Hospital-based systems, fully staffed nonhospital-based systems, and volunteer systems associated with police or fire departments were studied. Data compiled assist local leaders in selecting a system of emergency medical service. The procedures for estimating receipts and expenses are available for use in other communities in conducting feasibility studies.

The difficulty many rural small towns have experienced in attracting and holding medical personnel led ERS in FY 1975 to study the changes that have occurred in the spatial distribution of physicians and dentists in one region of the United States during 1950-70. The study--The Redistribution of Physicians and Dentists in Incorporated Places of the Upper Midwest, 1950-70--found that general practitioners decentralized throughout the period and that specialists were also less centralized in 1970 than in 1950, especially those engaged in primary care. This was less true for surgeons.

The primary factor involved in the pattern of decentralization (away from central cities of metro areas to nonmetro areas) was the increased proportion of medical people who were practicing in cities of 25,000-49,999 population in nonmetro areas. These "hinterland centers" apparently are able to provide allied personnel and resources to support specialty medicine, and they all have at least one general hospital of 100 or more short-term beds. (Nonmetro communities have been greatly aided by the Hill-Burton hospital program under which they received 44 percent of program funds between 1947 and 1970.) In addition, many of these nonmetro places may also be general service centers for shopping and wholesaling as well as medical care.

Other factors include improvements in transportation and communication; training of allied personnel in nonmetro colleges and technical schools, many graduates of which remain in nonmetro areas; and the fact that a major share of medical bills is paid by such third parties as government, private health insurance companies, philanthropy, and industry, which assures nonmetro physicians incomes comparable to those in metro areas.

The author of the study suggests that knowledge of differences in various sizes of places in nonmetro areas could be helpful to the National Health Service Corps, for example, in selecting locations for its personnel. This might ensure that the places chosen are economically viable (trade centers, for example), and that the distribution of health manpower would be equitable and efficient. Regional and comprehensive health care programs appear to be using hinterland centers to serve surrounding areas, often of low population density. These nonmetro cities also have other social and economic functions, and they keep in touch with nearby metro centers to maintain a comprehensive health delivery system.

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Nonmonetary assistance provided by USDA agencies at the State and local level for community health improvement is reported on in the Secretary of Agriculture's report to the Congress on Information and Technical Assistance Delivered by the Department of Agriculture in Fiscal Year 1975 (see footnote 27, p. 68). Disease prevention projects, planning surveys to help communities develop health programs, a new Arizona Extension program that assigns physicians' assistants to carry out routine medical work and preventive medical programs, and a series of public forums dealing with the relationships of health, air pollution, and the energy situation are among the many examples of USDA assistance described.

EDUCATION

With over \$2.2 billion in educational benefits going to veterans and dependents in towns or areas of less than 25,000 population in FY 1975, the Veterans Administration has a major impact on the community facilities and services goal for rural development. As the following tabulation indicates, approximately 52 percent of VA educational and training financial assistance was extended to eligible recipient groups in rural areas as defined by the VA for this report:

<u>Program</u>	<u>U.S. total</u>	<u>Town/city 25,000 or more Dollars</u>	<u>Area less than 25,000</u>	<u>Percent "urban"</u>	<u>Percent "rural" 1/</u>
Vocational rehabilitation, disabled veterans	72,054,335	34,660,908	37,393,427	48.1	51.9
Dependents educ. assistance	155,691,752	73,476,824	82,214,928	47.2	52.8
Veterans readjustment training (GI Bill)	4,091,168,000	1,982,972,017	2,108,195,983	48.5	51.5

1/ The U.S. veteran population that is rural by the definition used in this tabulation is 53.2 percent of total. A comparable percentage figure for the total eligible group (veterans and dependents) is not available.

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Under three general program headings--Child Development, Vocational Education, and Other Education--the Appalachian Regional Commission approved funding of over \$71 million in FY 1975 for the improvement of educational facilities and programs in the States it serves. Of this amount, \$35,316,700 was for non-metro areas.

The Appalachian child development program, providing some \$24.8 million, is designed to create a State-level capability for planning child development

programs, and a program to provide child development services in selected areas throughout the region. Generally these grant funds are used for planning and technical assistance within the designated demonstration areas. Nonmetro areas' share of the total funding was \$5.0 million, compared with \$3.3 million in metro areas. Some \$16.5 million was for multicounty areas that include both types of areas.

Through the Commission's vocational education program, funding of approximately \$40 million was approved during FY 1975 to provide the people of the region with basic facilities, equipment, and operating funds for training and education necessary to obtain employment at their best capability for available job opportunities. Of this amount, \$27.1 million was approved for nonmetro areas. The Commission's stated goal is to construct sufficient facilities in the mid-1970's so that 50 percent of the 11th and 12th grade students can enroll in job-relevant vocational education courses.

A regional total of \$6.2 million was approved under the program category Other Education to assist in expansion and improvement of educational opportunities and services for the people of Appalachia during FY 1975. This was accomplished by the construction, development, operating assistance, and planning help for libraries, colleges, educational television networks, and assistance under the National Defense Education Act.

The distribution of ARC education funding approvals in FY 1975 was as follows:

<u>Program</u>	<u>Metro</u>	<u>Nonmetro</u>	<u>Multicounty areas</u>	<u>States</u>
		<u>Percent</u>		
Vocational Education	26.3	67.8	3.1	2.8
Child development	13.4	20.3	1/66.3	0
Higher education	41.2	58.8	0	0
Libraries	55.1	44.9	0	0
ETV	0	43.0	57.0	0
NDEA	0	60.3	39.7	0
<u>Total</u>	22.4	49.7	26.3	1.6

1/ Mostly multicounty projects but includes some funding directly to States.

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In FY 1975, the Office of Education (HEW) undertook the development of regulations and guidelines for implementation of the Education Amendments of 1974, amendments that contain significant implications for both rural and urban areas. Included among the areas which can be highlighted for consideration in program development are: (a) continued support of the compensatory education concept, (b) school library resources and instructional materials, (c) educational support and innovation supplemental education centers and services, (d) bilingual education programs, (e) additional support for education of the handicapped, (f) a new funding set aside (15 percent) for innovative

programs and teacher training in adult education, (g) two new vocational education authorities for work with bilingual students, and (h) an extension of assistance for Indian Education.

The legislation (P.L. 93-380) also encompasses support for the gifted and talented, community schools, career education, consumer education, women's educational equity, and education in the arts, among other activities.

At the regional level, the Office of Education's 1975 "Rural Education Objective" was designed to improve, through HEW programs, educational opportunities for rural youths and adults. Four regional offices serving a large number of rural communities (precise definition of "rural" not available) were asked to select and develop objectives for rural education. (The regions were Regions VI, VII, VIII, and X of the Office of Education.)

The objective of Region VI (office in Dallas) is to achieve a 25-percent increase in HEW resources extended and applicable to needs in 50 target counties (10-percent increase in each State of Region VI) to facilitate the equalization of educational opportunities for rural youth and adults. The Region is working to meet the objective, which runs through FY 1976, through such means as expanded technical assistance, programatic support, and interagency cooperation, plus selective dissemination of information.

To further rural educational opportunity in Region VII, the Office in Kansas City, Mo., conducted Equal Educational Opportunity training for staffs in 80 rural and small city local education agencies (LEA's). A survey to determine the present level of training was made; two cultural diversity conferences were conducted in each State in the region; and 80 in-service training sessions for the staffs from the selected LEA's were held.

Region VIII (office in Denver) worked to facilitate the development of cooperative multidistrict mechanisms to increase educational efficiency of rural school districts in specific counties in Montana and Wyoming.

Region X (office in Seattle) worked to establish a Rural Education Coordinating Council which, using a planning process initiated by the Office, (1) reviewed State education agency data on rural education needs (kindergarten-grade 12); (2) encouraged State selection of rural areas for enhancement of educational service; (3) assisted State and local school authorities to identify the special educational needs of the target areas; and (4) developed a cooperative technical assistance plan to enhance and supplement current educational resources and services in such areas.

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HEW's National Institute of Education, created under P.L. 92-213, June 23, 1972, has been supporting research that has significance for rural education and rural schools. Research specifically directed at rural education includes a study of the consolidation movement in rural areas to examine the merits of consolidation compared with permitting small rural schools to remain intact. The Institute is also supporting an analysis of school finance practices as they affect small rural school districts, paying particular attention to the need to develop a "sparsity factor" in the formulation of school finance formulas. In addition, the Institute is supporting the

operational funding of 10 small school projects in rural areas under the Experimental Schools Program over a period of 5 years.

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In the area of education for the Nation's Indians, the Bureau of Indian Affairs has been placing special attention on the obligation to meet the desires of Indians for self-determination. Since 1972, local Indian School Boards have more than doubled the number of former Bureau or other schools over which they have assumed full control. In 1972, local School Boards fully controlled seven former Bureau Schools. By November 1975, they were controlling and operating 16 such schools. In addition, they have assumed control of two prekindergarten pilot programs which they now operate on two reservations. With regard to the Bureau's Public School Assistance program, local education committees are now completely involved in planning and monitoring the program, having taken over the responsibility for approval of all programs and projects to be funded within their respective school districts.

In the adult education program, the Bureau has initiated the concept of learning centers, found to be highly effective in reaching the undereducated adult. These centers employ individualized instruction almost exclusively so that the student may arrange his or her own study schedule. Students work most of the time on their own, with a teacher present to guide their study and to assist them.

In the higher education area, the Bureau of Indian Affairs has increased the number of individual scholarship grants to Indian students, awarding 17,000 grants in 1975, compared with 12,000 in 1972. In addition, a number of special postgraduate programs have been initiated in law, school administration, and other professions. These special post-graduate programs are developed in conjunction with leading institutions, which provide the special postgraduate programs under contract for Indians exclusively.

The Bureau has also initiated a program of developmental assistance to developing Indian community colleges, beginning in 1973. Three such community colleges are now in operation on three separate Indian reservations.

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Knowing how to spend available income wisely is of utmost importance to low-income people in both rural and urban areas, and consumer education is included in many Community Action Agency programs assisted by the Community Services Administration. In FY 1975, CSA issued a National Consumer Directory listing all consumer education groups as well as credit unions and cooperatives. This publication has been widely utilized by rural antipoverty agencies and consumer groups.

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The Extension Service--the educational arm of the Department of Agriculture--continued in FY 1975 to provide assistance to communities as they seek to accomplish rural development. The information and knowledge channeled to and

through the Land Grant University system of extension, teaching, and research, helps people in communities to plan and implement programs of orderly development and adjustment to change. The understanding gained by the community provides a sound base for decisions and choices among and between employment, income, population, housing, and services and facilities goals.

The rural development assistance is delivered primarily by approximately 1,000 half-time or more State specialists and field community resource development agents. They receive support and contributions from an additional 15,500 Extension staff who devoted the equivalent of approximately 1,700 staff years to community development work. The following table reflects the major educational and organizational assistance inputs of Extension to the five rural development goals in FY 1975:

<u>Goal area</u>	<u>Different projects assisted</u>	<u>Surveys, studies made</u>	<u>Meetings conducted</u>	<u>Staff years expended</u>
Employment	5,542	987	6,067	201
Income	9,502	2,097	9,480	333
Population	6,132	850	7,167	215
Housing	6,635	1,016	8,536	304
Community services & facilities	23,021	4,302	23,708	659
Total	<u>50,832</u>	<u>9,252</u>	<u>54,958</u>	<u>1,712</u>

Extension educational efforts relating to population, income, employment, and housing have been discussed earlier in this chapter. In the area of services and facilities, Extension education efforts in FY 1975 were frequently directed to the need for rural communities to understand that often a required service or facility can be provided only through joint local efforts of several communities. During the year, considerable Extension efforts were expended in the exploration, organization, and support of joint arrangements to achieve needed services or facilities.

Securing community services and facilities is the result of many years of planning and work by local groups and organizations. In FY 1975, Extension assisted such groups by (1) helping organize local groups that could identify the need for various services and facilities, (2) helping determine the need or identifying the problems and the severity of the problems with reference to services and facilities, and (3) pinpointing and identifying sources of assistance that could help provide the necessary services and facilities.

In recent years, the reduced reliance on Federal categorical grants has required reorientation of development programs at the county and district levels. Recognizing this, Extension staffs also helped local leadership develop alternative sources of funds to secure services and facilities for their communities.

HUMAN DEVELOPMENT

Community services and facilities programs include a wide range of efforts that cannot be strictly classified into categories such as health care and education, but rather embrace a range of needs of special groups of disadvantaged people. The following programs are illustrative.

Through the Administration on Aging (AoA), HEW is trying to help meet the needs of older people in their home communities, rural as well as urban. AoA has directed its efforts in three major areas: (1) grants for State and Community Programs for Aging authorized under Title III of the Older Americans Act of 1965 (\$105 million appropriated for FY 1975); (2) grants for title IV training and research (\$15 million appropriated in FY 1975); and (3) the title VII nutrition program (\$125 million appropriated in FY 1975). The legislation designated no appropriation allocation specifically for nonmetro areas, and reliable data on the amounts of funds extended to these areas are not presently available.

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The Head Start program, administered by HEW's Office of Child Development, provides for comprehensive services to preschool children and their families, primarily those who are low income. Technical assistance and training are provided to local Head Start programs to enhance the quality and effectiveness of services offered. Head Start children receive preschool preparation designed to raise their social competence to a level equal to that of other children they will meet in school.

At the end of FY 1975, there were 13,500 Head Start programs in 9,800 centers serving 349,000 children. Ninety percent of Head Start children come from low-income families. Ten percent of Head Start children from each State must be selected from among the physically handicapped. Although data are not available on any rural-urban basis, it should be noted that the provision of Head Start services in rural areas presents several problems. Transporting children to Head Start centers and obtaining specialized types of program assistance from physicians, nutrition specialists, and others are more critical problems in rural areas compared with urban areas.

There are two categories of Head Start programs--those which run virtually all year and those which run 8 weeks during the summer. The full-year program is designed for children age 3 to 6 from low-income families who might not otherwise reach a social competence level adequate to compete with other children in school, while the summer program is designed for prekindergarten or pre-elementary school children age 4 to 6. Volunteer adults are important in both programs and their involvement has been shown often to lead to the best results for the children.

Grants are generally made to local community action agency programs or local nonprofit child development programs. The local agency provides 20 percent of the operating cost and the Federal Government provides up to 80 percent of the cost. Local contributions for Head Start can be made in cash or in-kind service.

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HEW's Office of Native American Programs (ONAP) has legislative authority to serve all Indian groups and entities through community projects encompassing general community programming, training and technical assistance, and research and demonstration. Community projects include senior citizens centers, family planning, food and nutrition programs, Indian owned and operated housing construction companies, economic development programs, and services in urban/off-reservation areas for employment, counseling, and training. Program grants are based on need alone and not on geographical location. ONAP serves 154 reservations in 36 States and 52 off-reservation programs.

In FY 1975, ONAP approved 92 grants to tribal groups containing a population of 415,000 Native Americans in 30 States. Grants totaled \$22 million and ranged from \$3,000 to \$5 million, with the average being about \$130,000.

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The elderly poor in rural areas are a major concern of the Community Services Administration (formerly OEO) because of their relatively high concentration in rural America and their limited access to assistance in meeting problems relating to income, adequate housing, health, nutrition, and transportation.

Long-range goals of CSA are for continuation of the services brought in FY 1975 to 500,000 rural older citizens through the Community Action program and the Senior Opportunities and Services (SOS) programs.

In FY 1975, total CSA funding for services to rural elderly people was \$37.8 million. ^{33/} This included \$24.5 million "local initiative" funding; \$5 million Senior Opportunities and Services funding; \$6 million for food and nutrition programs; and \$2.3 million for legal services. The financial assistance to 146 Senior Opportunities and Services programs and 750 senior centers administered by CAA's in FY 1975 enabled rural older persons to benefit from outreach assistance; health services; food and nutrition assistance; housing, home repair and winterization, employment, and recreation programs; and transportation services to give them access to programs.

CSA legislation authorizes the agency to conduct activities to solve problems of chronic malnutrition and hunger that often accompany poverty. Community Food and Nutrition funding in FY 1975 was \$22.4 million, of which \$17.9 million served rural people. Some \$4.7 million, or 21 percent of the total appropriation, served Native Americans and migrant and seasonal farmworkers; \$6 million, or 26 percent of the total, benefited elderly poor persons in both rural and urban areas.

^{33/} This total excludes an as yet undetermined amount of Emergency Energy program funds utilized for winterization and fuel assistance to rural older persons. Also, see footnote 22, p. 45, for definition of "rural" as used by CSA.

Many of the CSA food and nutrition activities are the same as the larger Federal feeding programs in that they assist low-income people to enroll, inform the poor of their eligibility for food stamps, and conduct programs of registration in coordination with local welfare offices. Mini-grants are made to CAA's to establish community gardens and cooperative food projects to increase the food supply and nutritional quality of diets for low-income persons.

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During FY 1975, the Appalachian Regional Commission approved grants totaling \$334,000 for two projects involving "neighborhood facilities." This program, administered in cooperation with HUD, assists in the development of improved and suitable neighborhood environments principally for persons of low or moderate income. Such projects include the acquisition, rehabilitation, or construction of certain public works facilities and improvements, clearance, rehabilitation, code enforcement, administrative expenses, and completing existing renewal projects. Neighborhood facilities grants approved for non-metro counties totaled \$318,500, or 95.4 percent of the total.

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The Bureau of Indian Affairs continued in FY 1975 to provide social services to Indian people and communities to help them to effectively cope with individual and community social problems. The Bureau administers a program of social services on every major reservation and in its administrative jurisdictions in Alaska and Oklahoma. The program undertakes to provide necessary assistance and social services for Indians on the reservations and in the jurisdictions referred to above only when such assistance and services are not available through State or local public welfare agencies. The operational elements of the social services program are general assistance, child welfare assistance, miscellaneous assistance, and social services assistance. The following tabulation shows number of persons assisted in major social services programs in FY 1974 and FY 1975:

	FY 1974	FY 1975
General assistance	61,424	65,000
Child welfare	3,007	3,100
Work experience program	4,250	4,525

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WATER AND SEWER SYSTEMS

Rural development is advanced in a number of ways through the Environmental Protection Agency's construction grants program, authorized under the Federal Water Pollution Control Act Amendments of 1972 (P.L. 92-500). This \$18 billion program seeks to improve the quality of the Nation's waters by providing 75 percent Federal cost sharing of the capital costs of waste treatment plants, interceptor and collector sewers, and related facilities. In addition to increasing the availability of waste treatment facilities in small communities and rural areas, the program has had a positive effect on rural employment as discussed in the Employment section of this chapter.

Table 5 shows the cumulative obligation of construction grant funds by community size groupings from the beginning of the program in February 1973 through June 30, 1975. Seventy-eight percent of the number of grant awards were to communities with populations of 25,000 or less, and \$1.6 billion was obligated to such communities. While not reflected in the table, 65 percent of all grants went to nonmetropolitan communities.

Table 5--Cumulative obligations for waste treatment works, EPA February 1973-June 30, 1975

Census population	Number of grants	Percent (cumulative)	Grant award	Percent (cumulative)
Less than 2,500	1,481	38	\$ 324,471,641	5
Less than 5,000	2,031	53	536,039,954	8
Less than 10,000	2,484	65	879,347,461	14
Less than 25,000	2,986	78	1,645,518,702	26
Less than 50,000	3,239	84	2,293,649,892	37
Not reported	11	--	8,451,592	--
All communities	3,831	100	6,253,204,883	100

It should be noted that the relatively low percentage of grant funds going to smaller communities, as shown in table 5, underestimates the relative emphasis of the program on providing rural wastewater treatment facilities. Dollar awards data obscure the fact that (1) EPA projects in smaller communities typically provide for the bulk of the communities' facility requirements while only providing a fraction of the facility requirements in metropolitan areas and (2) treatment facilities in metropolitan areas are generally far more expensive than comparable rural facilities due to higher construction costs and the more complex pollutant mixes found in urban areas.

The Administration has transmitted a number of legislative reform proposals to the Congress to improve the construction grant program administered by EPA. These reforms are designed to focus the program on and assign highest priority to those projects which produce the most clean water for the resources invested.

Table 6 shows estimated grant awards and obligations by community size for FY 1975.

Table 6--Estimated fiscal year 1975 obligations for waste treatment works, EPA

Census population	Number of grants	Grant awards
Less than 2,500	881	\$ 167,958,889
Less than 5,000	1,228	268,734,222
Less than 10,000	1,507	470,198,890
Less than 25,000	1,808	873,412,224
Less than 50,000	1,947	1,242,932,781
All communities	2,318	3,359,177,786

In FY 1975, USDA's Farmers Home Administration awarded 896 water and waste disposal grants for \$156.8 million and made 1,451 water and waste disposal insured loans for nearly \$470 million. Towns of less than 10,000 population are eligible under this program but preference is given to towns with populations below 5,500.

Water system grants and loans may be used for installation, repair, improvement, extension, or expansion of a rural water system, including distribution lines, wells, and pumping facilities. Sewer construction grants and loans may be used for installation, repair, improvement, or expansion of waste disposal systems, including collection and treatment systems for all wastes.

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Under the Appalachian Regional Commission's section 214 program, supplemental grant assistance totaling \$27,270,400 was approved for the construction and development of water delivery, sewer, and solid waste disposal systems in FY 1975. Of this amount, \$19,032,500 was for nonmetro areas. These supplemental grants are provided to increase the Federal contribution for projects of construction, land acquisition, and/or equipment to Appalachian applicants who, because of their economic situation, cannot supply the required matching share of the basic Federal program. Special basic grants are also provided where there are insufficient funds available under the basic Federal grant-in-aid program to meet the pressing needs of the region.

In FY 1975, the ARC approved funding of \$5,344,400 for sewer system construction; \$12,412,800 for the construction and development of water delivery systems; \$6,891,600 for integrated sewer and water systems; and \$2,621,600 for assistance in the development of solid waste disposal operations. These funds were to assist in the improvement, renovation, or construction of 32 sewerage system projects; 44 water delivery systems; and 18 combined or integrated water and sewer systems; and in the development of 7 solid waste disposal systems.

The distribution of ARC water, sewer, and solid waste funding approvals in FY 1975 is as follows:

<u>Program</u>	<u>Metro counties</u>	<u>Nonmetro counties</u>	<u>Multicounty areas <u>1/</u></u>
		<u>Percent</u>	
Sewerage System	31.5	68.5	0
Water System	30.3	69.7	0
Water & Sewer	37.1	62.9	0
Solid Waste	0	90.9	9.1
Total	29.3	69.8	0.9

1/ These include multicounty projects not entirely in one category, metro or nonmetro.

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The overall goal of the Community Services Administration's Demonstration Water Project (NDWP)--funded since 1969 for a total of \$8 million--is to improve systems for delivery of water and waste water services, particularly in rural areas 34/ with high concentrations of low-income populations. Four primary strategies are employed to effect this change:

(1) Through affiliate projects in six States, construction of approximately \$20 million worth of facilities by 1977, using the Project's own funds to leverage more funds from other sources.

(2) Design and testing of models for the organization, development, and operation of rural water-sewer projects.

(3) Gathering and disseminating the technical and nontechnical knowledge necessary for rural water-sewer development.

(4) A national alliance of concerned groups which can complete the job of bringing better water-sewer facilities to rural areas after the NDWP program has ended.

This research and demonstration project's major accomplishments during FY 1975 in pursuit of the overall goal include the following:

(1) Developing a water system in the Talquin Electric Cooperative area in Florida under a unique partnership with the rural electric co-op and State government. The legislature has created a Rural Water and Sewer Act and provided \$500,000 to match the NDWP investment, and the State FmHA is making an \$18,000 construction loan to the Talquin co-op.

(2) Passage of legislation supportive of NDWP demonstration efforts in Arkansas and South Carolina, and a State appropriation of \$500,000 in South Carolina for rural water development.

(3) Addition of three new publications to the Project's Rural Water Bookshelf: Guide for Support of Rural Water-Wastewater Systems; Guide to State and Federal Policies and Practices in Rural Water-Sewer Development; and Toward a Model State Program for Rural Water-Sewer Development.

(4) Continued work with EPA on implementation of the Safe Drinking Water Act, and participation on a presidentially appointed council on drinking water safety.

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Several USDA agencies conduct research and development activities supporting Federal financial assistance programs for rural water and sewer systems. For example, in FY 1975, the Agricultural Research Service, in cooperation with Tuskegee Institute and the Farmers Home Administration, developed and tested a

34/ See footnote 22, p. 45, for definition of "rural" as used by CSA.

prototype package sewer collection and treatment system for use by small rural neighborhoods where septic flow fields are inadequate to permit indoor plumbing. This system is now operational. During the year, ARS also made significant progress in developing composting techniques for disposing of municipal sewage sludge. Information on these techniques has been furnished to rural and urban communities faced with disposing of wastes in a safe and environmentally acceptable manner.

The Economic Research Service continued preparation of a synopsis of laws and regulations guiding community action on environmental matters and financial and other opportunities available to rural communities for improving water quality and sewage systems. The synopsis will be completed during CY 1976. Three ERS reports analyzing the costs of collection and disposal of solid wastes in rural areas of the Southeastern United States will also be completed in 1976. Titles of the reports are:

Economic Description and Evaluation of Solid Waste Management Systems
in the Rural Areas of the Southeastern United States

Economic Analysis of Solid Waste Collection and Disposal Systems

Economic Guide for Solid Waste Management Planning by Rural Communities
in the Southeastern U.S.

POLICE AND FIRE PROTECTION

Hundreds of different types of anti-crime projects are funded by the Law Enforcement Assistance Administration (LEAA) through the allocation of block and discretionary grants to the States, and local law enforcement agencies. In addition, local projects also benefit from LEAA technical assistance. Police community seminars, corrections programs, training for local police, or establishment of alternative detention facilities for juveniles are examples of projects supported by LEAA funds. In FY 1975, \$49.1 million was awarded to nonmetro areas, of a total of \$325.3 million nationwide. State governments will be awarding subgrants from the FY 1975 allocations to State and local agencies through June 1977. Therefore, funds which will eventually be awarded from the FY 1975 program total \$887.2 million nationwide.

Specific problems being addressed through LEAA funding include the increasing incidence of residential burglaries and the theft of farm equipment, commodities, and livestock; the need to reduce police response time to crime in remote areas; and the relative lack of management studies aimed at improving small police departments. There are about 20,000 local police departments in the United States with 10 officers or less, but most literature at the national level continues to focus on large metropolitan agencies. To help small departments develop good management techniques, LEAA, through the Vermont State Planning Agency, has funded a prototype study of the Montpelier Police Department (16 officers). LEAA's aim in this innovative project is to demonstrate a methodology for police manpower management and disseminate the model to departments in small communities.

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Title IV of the Rural Development Act of 1972 permits the Department of Agriculture, in partnership with the States, to provide an increased level of rural community fire protection. Administered by the Forest Service, the program provides for the organization, training, or equipping of local forces in communities under 10,000 population to prevent, control, and suppress the full range of wildfires that occur in rural areas and communities. Title IV was funded for the first time in FY 1975, and funds to operate the program were available only during the last quarter of the fiscal year. Even in this short time period, over 4,000 communities requested assistance and actual assistance was provided to over 1,600 communities.

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Through its law enforcement service program, the Bureau of Indian Affairs provides enforcement, judicial, and detention services to over 375,000 Indian people on 111 reservations in 18 States. The Bureau, in conjunction with the tribes, provides services to deter crime on Indian reservations. When crime does occur, the Bureau's mission is to investigate it, apprehend and detain those responsible, ensure that they receive a fair trial, and, if they are found guilty, provide them with a detention program beneficial to both the offender and the community. In support of this basic mission, there are specialized support programs of training, inspection, prisoner release, and supervision.

The following tabulation shows BIA law enforcement services provided in FY 1974 and FY 1975:

	<u>FY 1974</u>	<u>FY 1975</u>
Complaints investigated	98,820	113,000
Nonenforcement calls	256,340	295,000
Court cases	90,000	95,000

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In FY 1975, the Economic Research Service completed a statewide testing of a methodology to examine the factors affecting changes from volunteer to paid fire departments, as well as factors influencing the percentage of the fire company that is paid. Results indicate that the shift from all volunteers to some full-time paid firemen is not influenced by population size of a community or by changes in population. Instead, the most important factors are community median family income (a positive effect) and the percentage of the community's tax revenue paid by property owners (a negative effect). This negative effect operates as follows: as communities derive increasingly larger amounts of their tax revenue from sources other than taxes on residential property owners, they increasingly shift from volunteer to paid fire departments.

ERS will apply this methodology to the Northern Great Plains Region for a range of services, including health care, that are provided by both volunteers and paid employees. Results should assist local planners and others concerned about expected increased demands on local government services in towns that will experience growth due to energy resource development or other causes.

The use of volunteers by local government also has implications for national policy with regard to revenue sharing. Under present law, a community's tax effort is one of the factors used in apportioning revenue sharing funds to local governments. In communities where tax collections are lowered by reliance on volunteer help in providing public services, the community is penalized by receiving a smaller revenue sharing allotment.

ELECTRIC AND TELEPHONE SYSTEMS

Expanding or upgrading the quality of rural electric and telephone services enhances the economic potential and quality of life in communities, creates jobs, and invites and promotes development. During FY 1975, such benefits continued to result from USDA's Rural Electrification Administration (REA) financial assistance to help meet the capital requirements of its borrowers. More than \$2.6 billion was made available to rural electric and telephone systems during the year through the REA insured loan and loan guarantee programs, the National Rural Utilities Cooperative Finance Corporation, the Rural Telephone Bank (RTB), and other sources.

On December 31, 1974, rural electric borrowers were serving 7.8 million consumers with over 1.8 million miles of lines. In FY 1975, REA electric loans and loan guarantees provided financing for an additional 394,000 consumers and 37,000 miles of line. Rural telephone borrowers were serving 3.2 million subscribers with over 648,000 miles of line by December 31, 1974. Funds from REA and RTB telephone loans and loan guarantees made during FY 1975 provided financing for new and improved service to an additional 468,000 subscribers on 56,000 miles of line to be constructed or improved.

The cumulative funding totals from the beginning of the rural electric and telephone loan programs indicate the magnitude of this important source of rural credit assistance. By June 30, 1974, REA electric loans totaled \$9.4 billion, and \$10.1 billion as of June 30, 1975. REA telephone loans totaled \$2.3 billion as of June 30, 1974, and \$2.5 billion as of June 30, 1975.

TRANSPORTATION

A comprehensive Rural Transportation Assistance Program has been proposed in the Administration's highway bill, which would consolidate several existing programs and give State and local governments increased program flexibility.

The Department of Transportation also has recently obtained authority to provide limited assistance to rural public transportation. Section 147 of the 1973 Federal-Aid Highway Act established the Rural Highway Public Transportation Demonstration Program, authorizing expenditures for fiscal years 1975 and 1976. The purpose of the program is "to encourage the development, improvement, and use of public transportation systems operating vehicles on highways for transportation of passengers within rural areas, in order to enhance access of rural populations to employment, health care, retail centers, education, and public services." (From 1973 Highway Act.)

Jointly administered by the Federal Highway Administration and the Urban Mass Transportation Administration, the program has selected 45 projects for funding from the fiscal year 1975 appropriation of \$9.65 million. Projects for the second and final year of this demonstration program will be funded from the fiscal year 1976 appropriation of \$15 million.

Other actions impacting on rural areas in FY 1975 include obligation of \$4.6 billion in Federal-Aid highway funds in rural areas by DOT's Federal Highway Administration. 35/

In addition, Federal grants in aid for developing public airports and for airport planning, the construction of air traffic control and navigation facilities, and guaranteed aircraft loans for certificated regional air carriers were provided by the Federal Aviation Agency (FAA).

35/ Rural areas here means all areas that have a population of 5,000 or less and are outside a Census Bureau-designated urbanized area.

In FY 1975, FAA allocated \$54.3 million under the Airport Development Aid Program to communities having less than 25,000 population. These funds were for such purposes as acquisition of land for airport development, runway construction, installation of fences, lighting systems, and fire equipment. Grants to communities with less than 25,000 population were highest in Alaska (\$8.6 million) and West Virginia (\$7.6 million).

Under the Planning Grant Program, the FAA advanced \$3.9 million to communities of 25,000 or less. Under this program, the FAA can pay up to two-thirds of the cost of planning studies for the preparation of master plans at individual airports or for either statewide or regional airport system plans.

Facilities valued at \$11.2 million and ranging from approach lighting systems to airport traffic control towers were commissioned at 51 communities below 25,000 population.

In addition, during FY 1975, the FAA approved one guaranteed loan of \$7.5 million to Southern Airways, a local service airline whose service area includes many rural communities.

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Under the general program title of Nonhighway Transportation, the Appalachian Regional Commission assists in the development, improvement, and study of rail and water transportation. The Rail Transportation Studies and the Waterway Development Study are two programs, involving Commission research only, which seek to find ways of fully utilizing the region's transportation capabilities as well as improving existing systems. These programs encourage the preparation of action-oriented plans and programs which reinforce and enhance nonhighway transportation investments. The study of rural transportation is being funded by the ARC to expand the knowledge of the region to the fullest extent possible by means of multicounty research (including investigations and demonstration projects). The Rail Access program seeks to improve rail transportation to remote areas and thus provide good lines for the flow of the region's produced materials. The Rail Access program is funded by the ARC and the Department of Transportation.

ARC funding approvals for nonhighway transportation projects totaled \$250,000 in FY 1975.

The ARC also provides assistance to Appalachian applicants under the Section 214 program and through the Airport Development Aid Program (administered by the Federal Aviation Administration) for the development of a region-wide system of public airports adequate to meet the needs of civil aeronautics.

In FY 1975, ARC approved funding of \$2,670,600 in supplemental grant assistance for 20 airport projects. The grants were for land acquisitions; site preparation; construction, alteration, and repair of runways; construction and installation of lighting utilities and navigational aids; safety equipment required for airport certification; and security equipment as required by the Secretary of Transportation.

Under this program, metro counties were allocated \$1,265,700, or 47.4 percent of the approved funding level, while nonmetro counties were apportioned \$1,404,900 or 52.6 percent of the total funding level. No apportionment was made to multicounty areas or States for these purposes.

The Appalachian Regional Commission obligated \$176,738,000 in highway funds in FY 1975. Of this amount, 80 percent was for highways in nonmetro areas of Appalachia. Highway construction is central to the ARC's strategy for reducing the isolation which has held back Appalachia development for so many years. Because of this focus on the importance of highways, over one-half of the Appalachian funding approvals for FY 1975 were in the highway program.

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Through the Bureau of Indian Affairs' road construction and maintenance program, the BIA is making a major impact on rural development on or near Indian reservations, facilitating commuting to employment and access to housing developments, schools, and other facilities and services. BIA funding obligated for road construction and maintenance during FY 1973 - FY 1975 was as follows:

	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>
Construction funds (millions)	\$52.8	\$56.7	\$59.6
Construction mileage	938	757	987
Maintenance funds (millions)	\$ 6.4	\$ 6.6	\$ 7.7
Maintenance mileage	22,039	22,977	23.734

Representative examples of recent road projects include the following:

*The access road to the Navajo Indian Irrigation Project that will develop an agricultural industry in New Mexico designed to help improve employment and income levels for Indians.

*The access roads to Canyon de Chelly and Chaco Canyon, built to enhance tourism on the Navajo Reservation.

*The access road to the Navajo Community College.

*The access road to Lame Deer housing in Northern Cheyenne.

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The West Virginia Transportation Remuneration Incentive Program (TRIP) was provided a grant of \$4 million in FY 1973 by the Office of Economic Opportunity (now Community Services Administration) to develop an innovative statewide transportation demonstration which would (1) develop new and improved transportation systems in rural areas designed to meet the special needs of the elderly and handicapped; (2) integrate State and local transportation resources; (3) operate a ticket system which reduces cost of transportation for the low-income elderly and the handicapped; and (4) obtain technical and financial support from other Federal agencies including the Administration on Aging, Department of Transportation, and Appalachian Regional Commission.

In FY 1975, this research and demonstration program accomplished the following:

- *Preparation of detailed plans for 11 transportation regions in West Virginia that conform with the State's Regional Planning and Development Councils. Implementation of regional systems will begin in FY 1976, using non-CSA funds.

- *Initiation of the ticket system in existing transit systems, providing transportation tickets to low-income elderly and handicapped riders at a reduced cost. In July 1975, 6,500 persons used TRIP tickets. The level of participation is expected to increase in FY 1976 as new regional transportation systems are initiated and existing services are expanded.

- *Obtained the following financial support: Department of Transportation, \$902,000; Administration on Aging, \$400,000; the West Virginia State Legislature, \$1 million.

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In FY 1975, the Economic Research Service completed several studies aimed at providing knowledge needed for improving rural transportation, including transportation essential for the agricultural sector. These studies include Transportation in Rural America, a report prepared upon request from the Congress that USDA "analyze existing data relative to the current crisis in rural transportation and provide the House and the Senate with a summary of the information." The report, completed in December 1974, compiles much of what is known about rural transportation. Several means for preventing future crises, such as improvements in use of rail equipment and increases in rail equipment capacity, were examined. Also assessed were the situation for agriculture and rural areas regarding highways and trucking, general freight service, transportation of people, transportation services for rural development, and rail abandonment.

ERS also completed a study of potential impacts on agriculture and rural areas of proposals to restructure rail service under the Regional Rail Reorganization Act of 1973. USDA's Agricultural Marketing Service and the Federal Railroad Administration cooperated in this effort, undertaken at the request of the Committee on Agriculture and Forestry of the U.S. Senate; which printed the resulting report.

Based on the study, the impacts of rail abandonments are likely to affect established agribusiness and nonagricultural industries somewhat differently. Feed and fertilizer dealers now shipping to or from stations on uneconomic lines of bankrupt railroads in the Northeast and fertilizer dealers in comparable circumstances in the Midwest will probably suffer either direct financial loss or a reduction of their growth potential. Grain dealers in many parts of the Midwest will not suffer significantly because they use truck-rail and truck-barge transportation. Few nonfarm related firms used rail service at the stations studies, except in the forested areas. Farmers and consumers are not considered likely to suffer overall adverse effects. But some farmers may alter enterprise combinations in response to changing price relationships, and potentially they face increased transportation costs.

In FY 1976 and FY 1977, agriculture's total transportation requirements will be projected to 1985 by ERS. These projections will be for commodities or commodity groups by farm production regions. Expected modal shares will not be projected in this first effort, but work to develop modal share projection techniques will be initiated. In addition, rail freight rate indexes and the food transportation bill series will be upgraded to provide data useful in evaluating performance of the general purpose transportation system for agriculture. Also, analyses to explain variations in rail freight carloadings and shortages will be undertaken to provide parameters for use in models that can predict imminent shortages of rail freight cars. The principal effort will be focused on grains, but lumber and coal will also be studied to get firmer parameters.

OUTDOOR RECREATION

Under the Grant-in-Aid Program to State and local governments, the Bureau of Outdoor Recreation obligated \$61.7 million in FY 1975 for new project starts in nonmetropolitan counties, compared with \$89.8 million for metro counties. Eligible uses for these funds include purchase of recreational land, and development of recreational facilities such as picnic areas, campgrounds, bike trails, outdoor swimming pools, and support facilities such as roads and water supply. Additionally, the grants provide assistance in the preparation of comprehensive State outdoor recreation plans.

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Through the Bureau of Outdoor Recreation, the Economic Development Administration, and other Federal agencies and under the Section 214 authority, the Appalachian Regional Commission assisted in the development of 12 new projects to service recreational needs of the region in FY 1975. ARC funding approvals totaled \$2,552,000 regionwide. The projects provide for a wide range of recreation activities such as picnic areas, campgrounds, tennis courts, boat launching ramps, bike trails, swimming pools, and support facilities such as roads and water supply. Assistance was also made for the preparation of comprehensive State recreation plans.

Nonmetro counties were apportioned \$2,109,300, or 82.7 percent of the total. No authorization was made for funding through the States or multi-county areas.

ENERGY

While it is within the purview of this report to discuss Federal energy-related activities--since rural regions are likely to be heavily affected--resource constraints prohibited adequate assessment of Federal energy research and development activities, the potential impacts of energy development on rural areas, and governmental efforts to help communities deal with those impacts.

A number of studies have been undertaken to furnish information on the energy situation as a basis for the development of new energy policies. These include the Project Independence Report prepared by the Federal Energy Administration and the regional energy study conducted by Resource Planning Associates for the Appalachian Regional Commission and The President's Council on Environmental Quality in connection with the National Science Foundation. According to a report prepared by the Department of Labor for the Project Independence Report, labor requirements under the Project would be 1.1 million jobs in 1977; 1.2 million in 1980; 1.4 million in 1985; and 1.7 million in 1990.

Because of the multiplier effect, employment in supply industries and in service industries--which would grow because of new consumer spending resulting from energy employment--would jump in energy resource localities. Schools, public facilities, transportation, utilities, housing, land use competition, and the environment are only some of the areas that will be of increasing concern to the localities affected and to the Nation.

Numerous governmental and private groups are working on alternatives, standards, and measures that will help assure effective and efficient development of energy resources consistent with standards for environmental protection and with attention to associated fiscal and community imbalances and alterations that must be addressed. These groups include the Federal Energy Administration, the Energy Research and Development Administration, the Appalachian Regional Commission, the President's Council on Environmental Quality, the National Science Foundation, the Department of Housing and Urban Development, the Department of the Interior, the Environmental Protection Agency, the Occupational Safety and Health Administration, the U.S. Congress, the Ford Foundation, Resources for the Future, the governors of energy resource States, numerous private environmental-concerns groups, and the Department of Agriculture.

A major tool produced to assist States and localities in managing growth when an area is suddenly affected by a major energy project is a new report, *Rapid Growth From Energy Projects--Ideas for State and Local Action*. Published in March 1976 by HUD in cooperation with the Federal Energy Administration, this program guide draws upon the composite experiences to date of States, areas, counties, and cities coping with the impact of rapid growth resultant from the construction and/or development of new energy-related facilities.

USDA energy-related research underway or soon to be initiated ranges from use of solar energy in low-cost housing to reclamation of stripmined areas using innovative methods that consider typography, climate, and characteristics of the soils in the affected areas. 36/

To help local governments confronted with rapid increases in the need for community services arising from energy development activities, the Economic Research Service is initiating a study to (1) analyze alternative methods of taxation for State and local governments, including severance taxes and other forms of mineral taxation; (2) analyze the impact of coal development on local government services and financing; and (3) evaluate the capabilities of existing and alternative forms of local government to provide expanded services and cope with growth problems.

Because surface mining of coal and processing it into transportable energy forms are expected to compete for agricultural land and water resources, ERS is also initiating a study that will (1) evaluate regional demands for energy in relation to the location of supplies of coal to determine how regional energy demands can be supplied most economically, and (2) estimate the impact on agriculture of diverting land and water for the extraction and processing of surface mined coal into readily usable energy through gasification and electric power generation.

ERS has completed and forwarded to the Senate Committee on Agriculture and Forestry a report entitled U.S. Food and Fiber Sector: Energy Use and Outlook. The report reveals that this sector of the economy accounts for about 13 percent of the Nation's total energy use. The study examines the energy use of the food and fiber sector by subsector (input supply, farm production and family living, food processing, and distribution) and the impact of rising fuel prices on the cost of food. Related studies to be completed during FY 1976 will identify the kinds and amounts of energy used, by month, in performing various farm production operations in each State. Analyses will be continued on energy conservation potentials in the farm production sector through use of new and alternative production practices for various commodities. Future energy use will be projected under various sets of production practices.

Community Action Agencies, in FY 1975, utilized up to 10 percent of their local initiative monies for community energy programs which ranged from production and installation of low-cost storm sash and doors to revolving loan funds for fuel purchases. A major part of FY 1975 weatherization efforts was conducted by rural CAA's, which carried out projects in conjunction with Farmers Home Administration low-income housing rehabilitation programs. In many programs, workers who weatherized homes were employed through Comprehensive Employment and Training Act programs.

36/ Note also the "Planned Energy Towns" project discussed in the previous chapter on rural development coordination.

CONSERVATION

USDA's Soil Conservation Service (SCS) has continued to provide a broad range of natural resources conservation and development assistance to conservation districts, land users, watershed project sponsors, and others concerned with carrying out rural development in a way that makes best use of natural resources while ensuring that these resources are adequately protected. Principal SCS accomplishments are discussed below.

Conservation Operations

Through the Conservation Operations Program, SCS provided technical assistance to over 1 million land users, resulting in conservation treatment on about 25 million acres during FY 1975. In addition to providing technical assistance to nearly 3,000 conservation districts, approximately 31,000 other units of government and their agencies were helped with conservation use and treatment of land. This assistance included providing inventories and evaluations of soil, water, and related resources. Soil surveys with multiple-use interpretations were completed on about 50 million acres during the year and on over 1.3 billion acres to date. There were 2,800 stream flow forecasts in FY 1975 that provided valuable information to water users whose annual supply is dependent upon the snow melt.

Resource Conservation and Development (RC&D)

In the 132 RC&D areas authorized, 8,764 measures were completed and placed in operation by June 30, 1975. Measures contribute significantly to: (1) solving land use, economic, and social problems; (2) a realization of development opportunities; and (3) increased employment and income in RC&D areas. Sponsors plan and carry out specific associated measures either as the primary leaders or in a supporting role to others. Such measures include facilities, activities, or enterprises necessary for utilization, processing, and marketing of natural resource products. Other Federal, State, and local agencies and private enterprises assist in the planning and installation of measures and other activities. A summary of measures installed by June 30, 1975, is given in table 7.

Table 7--SCS progress in 132 Resource Conservation and Development Areas in operation June 30, 1975

Type of RC&D measure	Adopted		Planned ^{1/}		Completed		Canceled	
	FY 1975	Total to date	FY 1975	Total to date	FY 1975	Total to date	FY 1975	Total to date
Accelerated services.....	324	2,163	116	1,021	104	673	67	147
Critical area treatment....	460	2,190	199	914	108	449	38	129
Flood prevention.....	234	1,919	49	368	39	246	93	295
Farm irrigation.....	116	620	12	181	25	130	9	62
Land drainage.....	81	488	8	115	16	89	20	45
Agriculture-related pollutant control.....	20	147	2	53	2	31	---	4
Public water-based recreation.....	185	676	12	42	6	10	27	54
Public water-based fish & wildlife.....	46	260	3	18	1	4	15	30
Public recreation or fish & wildlife developments...	258	3,834			137	1,104	129	477
Water developments.....	60	1,305			23	410	38	132
Special resource studies & inventories.....	492	3,138			298	1,441	43	149
Highways, roads, trails & scenic highways.....	83	1,184			55	306	33	115
Cooperatives & associations Agri. & forest product processing or marketing industry.....	54	296			14	117	8	25
Industrial development.....	67	715			24	254	23	93
Public facilities or services.....	45	561			32	291	13	77
Educational.....	573	4,932			321	1,610	105	305
Other.....	142	1,160			97	501	31	83
	375	3,261			228	1,098	109	261
Total.....	3,615	28,849	401	2,712	1,530	8,764	801	2,483

^{1/} Planning of associated RC&D measures not recorded for the last 10 types of measures listed.

Small Watersheds

Under SCS's Small Watersheds Program (P.L. 566) in FY 1975, 33 watershed plans were completed for local sponsors. This involved technical and financial assistance for flood prevention, agricultural water management, and water-based recreation and fish and wildlife enhancement. Approximately 285 additional plans were in some stage of development during FY 1975.

Watershed project sponsors made construction starts in 44 P.L. 566 projects and completed 124 floodwater retarding structures. Ten multipurpose structures providing 468,000 public recreation days and 6 providing municipal water supplies for 6 rural communities and 1,429,000 people were completed.

River Basins

SCS participation in coordinated interagency surveys helps assure proper consideration of rural development in the formulation of various types of comprehensive river basin plans. During FY 1975, the Department of Agriculture, under SCS leadership, completed 6 cooperative river basin studies with State and Federal agencies; 55 such studies are underway. SCS also participated, through the U.S. Water Resources Council, in eight comprehensive detailed studies and assisted in the 1975 National Water Assessment effort.

SCS is cooperating with 30 States in conducting flood hazard analyses. In FY 1975, 51 new studies were initiated and 16 completed. SCS also was involved in 37 detailed flood insurance studies in 16 States for the Department of Housing and Urban Development on a reimbursable basis.

Intergovernmental Personnel Act

In addition, SCS, through the Intergovernmental Personnel Act, continued to provide assistance to State, substate, and county governments. Through agreements, SCS professionals have been assigned to the agencies on a full-time basis. As of June 30, 1975, there were 67 such agreements in effect. Since inception of the Act, the SCS has entered into 163 agreements, being the largest single agency participant under the Act. Rural agencies are assisted in developing natural resource information for use in the comprehensive planning process.

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USDA's Agricultural Stabilization and Conservation Service efforts to conserve or improve natural resources are as follows:

Agricultural Conservation Program

This program is aimed primarily at the conservation of soil and water resources and other environmental enhancement actions. Under the program the Federal Government shares with farmers and ranchers the costs of carrying out such conservation and environmental enhancement practices. This program is

operated on a calendar year basis. In 1974, approximately 96,000 farmers participated. A summary of 1974 program practices follows:

<u>Practice</u>	<u>Unit</u>	<u>Extent during 1974</u>
Water impoundment reservoirs constructed to reduce erosion, distribute grazing, conserve vegetative cover and wildlife, provide fire protection, and for other agricultural uses	Structures	16,000
Terraces constructed to reduce erosion, conserve water, or prevent or abate pollution	Acres	308,000
Stripcropping systems established to reduce wind or water erosion or to prevent or abate pollution	Acres	14,000
Trees and shrubs planted for forestry purposes, erosion control or environmental enhancement	Acres	211,000
Forest tree stands improved for forestry purposes or environmental enhancement	Acres	197,000
Wildlife	Acres served	162,000
Sediment pollution-abatement structures or runoff control measures	Acres served	1,254,000

In FY 1975 a total of \$244.8 million was expended which included expenditures under several annual programs. The fiscal year appropriation for this program in 1975 was \$175.0 million.

Forestry Incentives Program

The purpose of this program is to encourage the development, management, and protection of nonindustrial private forest lands. Under the program, the Federal Government shares with landowners the costs of improving such forest lands to provide for increased timber production and related benefits. In FY 1975, the first year of operations, \$6.0 million of Federal money was obligated. The current fiscal year Federal appropriation for the Forestry Incentives program is \$15.0 million, to remain available until expended.

Appalachian Land Stabilization and Conservation Program

Authorized in Section 203 of the Appalachian Regional Development Act of 1965, this program under long-term agreements provides Federal cost-sharing assistance to landowners, operators, or occupiers of land in the Appalachian Region for the conservation and development of soil, water, woodland, wildlife, and recreation resources. Funds for carrying out the program are transferred to ASCS from the Appalachian Regional Commission. Authority to enter into new agreements ended in 1972. In FY 1975, some 6,000 farmers had over 190,000 acres under agreements. Funds expended totaled \$198,000 for completing approved conservation measures.

Water Bank Program

The Water Bank Act (P.L. 91-559), approved December 19, 1970, authorizes a continuous program to prevent the serious loss of wetlands and to preserve, restore, and improve wetlands beginning July 1, 1971. Agreements are entered into with landowners and operators in important migratory waterfowl nesting and breeding areas for the conservation of specified wetlands. The agreements are for 10-year periods, with provision for renewals for additional periods. Participants from the beginning of the program through calendar year 1975 included 2,944 landowners on 246,353 acres. Funds expended in FY 1975 on this program totaled \$1,906,000.

Emergency Conservation Measures

This program is authorized by the Third Supplemental Appropriation Act of 1957. Its objective is to restore to normal agricultural use farmlands designated by the Secretary, which have been damaged by wind erosion, hurricanes, floods, or other natural disasters. Costs are shared with farmers for carrying out approved measures for land rehabilitation. In FY 1975, landowners in some 143 designated counties participated. Funds expended totaled \$8,153,000.

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The Forest Service manages and protects a 187 million acre National Forest System consisting of 155 National Forests and 19 National Grasslands located in 39 States. Products or services provided from these systems lands involve five primary resources: timber, water, forage, wildlife, and recreation. In addition, mining is allowed on many of these lands, under certain conditions.

All of these resources are managed under the multiple use-sustained yield concept. Resource management accomplishments in FY 1970 and FY 1975 were as follows:

<u>Resource Management Accomplishments</u>	<u>FY 1970</u>	<u>FY 1975</u>
National forest receipts (mil. dol.).....	299.7	374.0
Reforestation (acres)	307,000	428,000
Timber stand improvement (acres)	295,000	466,000
Recreation visitor days (mil.)	170.6	171.1
Recreation special use permits	25,600	21,000
Hunter visitor days (mil.)	14.1	14.4
Fisherman visitor days (mil.)	14.9	16.4
Grazing on National Forests (mil. animal unit months)	7.3	7.3
Active mineral leases and permits	8,100	19,000

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In FY 1975, resource conservation and management research of USDA's Agricultural Research Service continued to contribute to departmental action programs. For example, technology generated from research efforts on the management of animal wastes has enabled the conservation of plant nutrients, reduction of odors, and control of water pollution. Research efforts directed to reducing wind erosion have contributed to methods that conserve soil, reduce crop damage, and reduce air pollution.

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USDA's Cooperative State Research Service and State Agricultural Experiment Stations devoted 148 science manyears to conservation research in FY 1975. Some 398 projects were directed to such areas as land and water use, pollution abatement, and application of sewerage sludge to land for both sewerage removal and soil improvement purposes.

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In FY 1975, the Economic Research Service completed a number of research studies aimed at improving decisionmaking related to conservation, development, and management of rural land and water resources, and to environmental policies, practices, and standards. Resources use projections, assessment of State programs for land use management, impacts of water resources development, impact of EPA guidelines for controlling animal wastes, and economic impacts of banning pesticides are among the areas studied. In FY 1976, ERS will complete a study of the economic, legal, and institutional issues in foreign ownership of land and other natural resources in the United States. Evaluation of State programs to preserve agricultural lands will also be continued.

STRENGTHENING LOCAL GOVERNMENT

The National Small Town Housing Assistance Program demonstrates methods of increasing small town government's capability for community development. Under this program, four southern small towns were provided assistance through a FY 1975 \$70,000 Community Services Administration grant to the Housing Assistance Council, a nonprofit corporation. The four towns are Bolton and Jonestown in Mississippi, and Princeville and Greenevers in North Carolina.

Local officials of these towns were trained in documenting needs, developing priorities, identifying funding sources, developing proposals for funding, and mobilizing State and local resources. In FY 1975, two of the towns were awarded HUD community development grants; Jonestown received \$385,000 and Princeville \$500,000. Greenevers and Jonestown organized local housing development commissions, and Bolton organized a nonprofit housing developing corporation. Housing market analyses were completed in all four towns. Options to purchase land for housing were negotiated. The Housing Assistance Council reserved \$100,000 of its revolving loan to cover preliminary planning and engineering costs, and made loans to local sponsors in Princeville and Greenevers.

Improving the service-delivery capability of units of government below the Federal level--including municipal, substate, and State--by injecting human resources planning and coordination into the decisionmaking process is the aim of an additional CSA-funded research and demonstration program entitled Rural Regional Coordination (RRC). Two 4-year RRC projects--in South Carolina and Tennessee--have developed and tested methods of strengthening State and local planning and coordination processes for human needs input into comprehensive rural development efforts.

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The Indian Self-Determination and Educational Assistance Act of 1974 (P.L. 93-638) recognizes the obligation of the United States to meet the desires of the Nation's Indians for self-determination and provides the legal basis by which the operation of many Federal Indian programs can be transferred to Indians. While the Bureau of Indian Affairs has long provided technical and financial assistance to tribes with respect to their governmental functions, passage of the Indian Self-Determination and Education Assistance Act has resulted in a more immediate need for this type of service than in the past. To enable the tribes to benefit fully from the Act, the Bureau will provide assistance that will increase tribal government capacity to perform those functions permitted by the Act.

Through the aid to tribal government programs, the Bureau will assist in tribal efforts regarding contracting for services, preparation of tribal membership and payment rolls, processing enrollment appeals, preparing judgment fund legislation and holding hearings of record, advising on and processing constitution and bylaw actions as well as corporate charters, and review of general and claims counsel contracts. Financial assistance in the form of contracts and expense payments is required by the tribes so that they may participate in the tribal government development program, the Federal budget process, the youth work-learn program, and the agricultural extension program.

All of these programs are designed to help the tribes meet the need for improving the quality of governmental services which they offer to their members.

Through the Self-Determination Services program, the Bureau will provide a combination of grants, training, and technical assistance to tribes to improve their capacities to plan and manage government programs. Furthermore, the Bureau will provide funds for overhead costs associated with tribal contracting to operate Bureau-funded programs.

In FY 1975, 84 tribes participated in the tribal government development program, up from 74 the previous year. Community development programs that strengthen the tribes capability to meet their own needs include 4-H, with 24,000 persons participating in FY 1975, and agricultural extension programs, which served 14,000 participants in FY 1975.

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Because increases in economic activity and population growth in nonmetro areas are heightening the demands on local governments for improvement of community services and facilities, USDA agencies are increasingly emphasizing research and educational activities to assist local decisionmakers. Examples of such activities are given in the chapter on rural development coordination; in several sections of the present chapter, including those dealing with population growth and energy; and in the annual reports on planning assistance to substate districts and information and technical assistance, both cited earlier. Following are two examples of USDA research in support of local governmental decisionmaking.

The Cooperative State Research Service and the State Agricultural Experiment Stations conducted 190 research projects in health and medical care, education, waste disposal, water systems, family services, and other areas of community facilities and services in FY 1975. The research program in Indiana illustrates the increasing emphasis being given to developing research projects in the context of policy and decision making by local governments and local public agencies, who are seen as primary users of the research data.

In the Indiana research, emphasis has been placed on alternative ways of providing and financing services and facilities and on devising management information systems for local agencies. Work in waste disposal illustrates the approach. A system of multiple landfills was compared with a single landfill and a rural collector system for waste disposal. The latter alternative was found to be both cost effective and highly acceptable to local people. This work, which began in one county in Indiana, has helped other counties in the State, and has been used by other counties across the country.

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In FY 1975, the Economic Research Service, in cooperation with the Oklahoma State University Agricultural Experiment Station, developed procedures for planners and local governments to use in anticipating the effect of a change in the economic structure of a locality, such as the addition of a new manufacturing plant. In addition to permitting measurement of how the addition of such a plant would affect the other sectors of the economy, the procedures permit examination of income and employment multipliers resulting from changes in demand for goods and services in particular sectors. Two case studies conducted offer illustrations of the employment and income impacts of a food products plant and a textile and apparel plant locating in North Central Oklahoma.

